

REFINITIV

# DELTA REPORT

## 10-K

BHR - BRAEMAR HOTELS & RESORTS  
10-K - DECEMBER 31, 2023 COMPARED TO 10-K - DECEMBER 31, 2022

The following comparison report has been automatically generated

|              |      |
|--------------|------|
| TOTAL DELTAS | 7514 |
| CHANGES      | 543  |
| DELETIONS    | 5080 |
| ADDITIONS    | 1891 |

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 10-K

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

For the fiscal year ended **December 31, 2022** **December 31, 2023**

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 001-35972

**BRAEMAR HOTELS & RESORTS INC.**

(Exact name of registrant as specified in its charter)

**Maryland**

**46-2488594**

(State or other jurisdiction of incorporation or organization)

(IRS employer identification number)

14185 Dallas Parkway

Suite 1200

Dallas

Texas

75254

(Address of principal executive offices)

(Zip code)

(972) 490-9600

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class              | Trading Symbol(s) | Name of each exchange on which registered |
|----------------------------------|-------------------|-------------------------------------------|
| <b>Common Stock</b>              | <b>BHR</b>        | <b>New York Stock Exchange</b>            |
| <b>Preferred Stock, Series B</b> | <b>BHR-PB</b>     | <b>New York Stock Exchange</b>            |
| <b>Preferred Stock, Series D</b> | <b>BHR-PD</b>     | <b>New York Stock Exchange</b>            |

Securities registered pursuant to Section 12(g) of the Act:

**None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☐ Yes ☒ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐ Yes ☒ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files) ☒ Yes ☐ No

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

|                         |                          |                           |                                     |
|-------------------------|--------------------------|---------------------------|-------------------------------------|
| Large accelerated filer | <input type="checkbox"/> | Accelerated filer         | <input checked="" type="checkbox"/> |
| Non-accelerated filer   | <input type="checkbox"/> | Smaller reporting company | <input type="checkbox"/>            |
|                         |                          | Emerging growth company   | <input type="checkbox"/>            |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 USC. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

As of **June 30, 2022** **June 30, 2023**, the aggregate market value of **68,535,894** **63,927,258** shares of the registrant's common stock held by non-affiliates was approximately **\$294,019,000** **\$257,028,000**.

As of **March 8, 2023** **March 12, 2024**, the registrant had **66,032,496** **66,520,711** shares of common stock outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the registrant's definitive Proxy Statement pertaining to the **2023** **2024** Annual Meeting of Stockholders are incorporated herein by reference into Part III of this Form 10-K.

BRAEMAR HOTELS & RESORTS INC.  
YEAR ENDED DECEMBER 31, 2022 2023  
INDEX TO FORM 10-K

|                                                                                                                                      | Page                                    |
|--------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|
| <b>PART I</b>                                                                                                                        |                                         |
| Item 1. <a href="#">Business</a>                                                                                                     | <a href="#">3</a>                       |
| Item 1A. <a href="#">Risk Factors</a>                                                                                                | <a href="#">52</a>                      |
| Item 1B. <a href="#">Unresolved Staff Comments</a>                                                                                   | <a href="#">81</a> <a href="#">80</a>   |
| Item 1C. <a href="#">Cybersecurity</a>                                                                                               | <a href="#">80</a>                      |
| Item 2. <a href="#">Properties</a>                                                                                                   | <a href="#">81</a>                      |
| Item 3. <a href="#">Legal Proceedings</a>                                                                                            | <a href="#">82</a>                      |
| Item 4. <a href="#">Mine Safety Disclosures</a>                                                                                      | <a href="#">83</a>                      |
| <b>PART II</b>                                                                                                                       |                                         |
| Item 5. <a href="#">Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</a> | <a href="#">83</a>                      |
| Item 6. <a href="#">Reserved</a>                                                                                                     | <a href="#">87</a> <a href="#">86</a>   |
| Item 7. <a href="#">Management's Discussion and Analysis of Financial Condition and Results of Operations</a>                        | <a href="#">87</a> <a href="#">86</a>   |
| Item 7A. <a href="#">Quantitative and Qualitative Disclosures About Market Risk</a>                                                  | <a href="#">108</a> <a href="#">107</a> |
| Item 8. <a href="#">Financial Statements and Supplementary Data</a>                                                                  | <a href="#">109</a> <a href="#">108</a> |
| Item 9. <a href="#">Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</a>                         | <a href="#">158</a> <a href="#">154</a> |
| Item 9A. <a href="#">Controls and Procedures</a>                                                                                     | <a href="#">158</a> <a href="#">154</a> |
| Item 9B. <a href="#">Other Information</a>                                                                                           | <a href="#">162</a> <a href="#">156</a> |
| Item 9C. <a href="#">Disclosure Regarding Foreign Jurisdictions that Prevent Inspections</a>                                         | <a href="#">162</a> <a href="#">156</a> |
| <b>PART III</b>                                                                                                                      |                                         |
| Item 10. <a href="#">Directors, Executive Officers and Corporate Governance</a>                                                      | <a href="#">162</a> <a href="#">156</a> |
| Item 11. <a href="#">Executive Compensation</a>                                                                                      | <a href="#">162</a> <a href="#">156</a> |
| Item 12. <a href="#">Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</a>              | <a href="#">162</a> <a href="#">156</a> |
| Item 13. <a href="#">Certain Relationships and Related Transactions, and Director Independence</a>                                   | <a href="#">162</a> <a href="#">156</a> |
| Item 14. <a href="#">Principal Accounting Fees and Services</a>                                                                      | <a href="#">162</a> <a href="#">156</a> |
| <b>PART IV</b>                                                                                                                       |                                         |
| Item 15. <a href="#">Financial Statement Schedules and Exhibits</a>                                                                  | <a href="#">162</a> <a href="#">157</a> |
| Item 16. <a href="#">Form 10-K Summary</a>                                                                                           | <a href="#">167</a> <a href="#">163</a> |
| <b>SIGNATURES</b>                                                                                                                    |                                         |

As used in this Annual Report on Form 10-K, unless the context otherwise indicates, the references to "we," "us," "our," the "Company" or "Braemar" refer to Braemar Hotels & Resorts Inc., a Maryland corporation, and, as the context may require, its consolidated subsidiaries, including Braemar Hospitality Limited Partnership, a Delaware limited partnership, which we refer to as "our operating partnership" or "Braemar OP." "Our TRSs" refers to our taxable REIT subsidiaries, including Braemar TRS Corporation, a Delaware corporation, which we refer to as "Braemar TRS," and its subsidiaries, together with the two taxable REIT subsidiaries that lease our two hotels held in a consolidated joint venture and are wholly-owned wholly owned by the joint venture and the U.S. Virgin Islands' ("USVI") taxable REIT subsidiary that owns The Ritz-Carlton St. Thomas hotel. "Ashford Trust"

or "AHT" refers to Ashford Hospitality Trust, Inc., a Maryland corporation, and, as the context may require, its consolidated subsidiaries, including Ashford Hospitality Limited Partnership, a Delaware limited partnership and Ashford Trust's operating partnership, which we refer to as "Ashford Trust OP." "Ashford Inc." refers to Ashford Inc., a Nevada corporation and, as the context may require, its consolidated subsidiaries. "Ashford LLC" or "our advisor" refers to Ashford Hospitality Advisors LLC, a Delaware limited liability company and a subsidiary of Ashford Inc. "Premier" refers to Premier Project Management LLC, a Maryland limited liability company and a subsidiary of Ashford LLC. "Remington Lodging" refers to Remington Lodging & Hospitality, LLC, a Delaware limited liability company and a hotel management company that was owned by Mr. Monty J. Bennett, chairman of our board of directors, and his father, Mr. Archie Bennett, Jr., chairman emeritus of Ashford Trust before its acquisition by Ashford Inc. on November 6, 2019. "Remington Hotels" "Hospitality" refers to the same entity after the acquisition was completed, resulting in Remington Lodging & Hospitality, LLC becoming a subsidiary of Ashford Inc.

This Annual Report on Form 10-K contains registered trademarks that are the exclusive property of their respective owners, which are companies other than us, including Marriott International®, Hilton Worldwide®, Sofitel®, Four Seasons®, Hyatt® and Accor®.

## FORWARD-LOOKING STATEMENTS

Throughout this Annual Report on Form 10-K and documents incorporated herein by reference, we make forward-looking statements that are subject to risks and uncertainties. Forward-looking statements are generally identifiable by use of forward-looking terminology such as "may," "will," "should," "potential," "intend," "expect," "anticipate," "estimate," "approximately," "believe," "could," "project," "predict," or other similar words or expressions. Additionally, statements regarding the following subjects are forward-looking by their nature:

- the factors discussed in this Annual Report under the sections entitled "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business," and "Properties," as updated in our subsequent Quarterly Reports on Form 10-Q and other filings under the Securities Exchange Act of 1934, as amended (the "Exchange Act");
- our business and investment strategy;
- anticipated or expected purchases or sales of assets;
- our projected operating results;
- completion of any pending transactions;
- our understanding of our competition;
- projected capital expenditures; and
- the impact of technology on our operations and business.

Such forward-looking statements are based on our beliefs, assumptions and expectations of our future performance taking into account all information currently known to us. These beliefs, assumptions, and expectations can change as a result of many potential events or factors, not all of which are known to us. If a change occurs, our business, financial condition, liquidity, results of operations, plans, and other objectives may vary materially from those expressed in our forward-looking statements. You should carefully consider this risk when you make an investment decision concerning our securities. Additionally, the following factors could cause actual results to vary from our forward-looking statements:

- the factors discussed in this Annual Report under the sections entitled "Risk Factors," "Legal Proceedings," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business," and "Properties," as updated in our subsequent Quarterly Reports on Form 10-Q and other filings under the Exchange Act;
- rising changes in interest rates and inflation;
- macroeconomic conditions, such as a prolonged period of weak economic growth, and volatility in capital markets;
- uncertainty in the business sector and market volatility due to the 2023 failures of Silicon Valley Bank, New York Signature Bank and First Republic Bank;
- catastrophic events or geopolitical conditions, such as the conflict between Russia and Ukraine and the more recent Israel-Hamas war;
- extreme weather conditions may cause property damage or interrupt business;
- our ability to raise sufficient capital and/or take other actions to improve our liquidity position or otherwise meet our liquidity requirements;
- general volatility of the capital markets and the market price of our common and preferred stock;
- general business and economic conditions affecting the lodging and travel industry;
- changes in our business or investment strategy;
- availability, terms and deployment of capital;
- risks associated with our ability to effectuate our dividend policy, including factors such as operating results and the economic outlook influencing our board's decision whether to pay further dividends at levels previously disclosed or to use available cash to pay dividends;
- unanticipated increases in financing and other costs; costs, including changes in interest rates;
- changes in our industry and the markets in which we operate, interest rates, or local economic conditions;
- the degree and nature of our competition;
- actual and potential conflicts of interest with Ashford Trust, Ashford Inc. and its subsidiaries (including Ashford LLC, Remington Hotels Hospitality and Premier), Stirling Hotels & Resorts, Inc. ("Stirling Inc.") and our executive officers and our non-independent director; directors;
- changes in personnel of Ashford LLC or the lack of availability of qualified personnel;
- changes in governmental regulations, accounting rules, tax rates and similar matters;
- legislative and regulatory changes, including changes to the Internal Revenue Code of 1986, as amended (the "Code") and related rules, regulations and interpretations governing the taxation of REITs;
- limitations imposed on our business and our ability to satisfy complex rules in order for us to qualify as a REIT for U.S. federal income tax purposes; and
- future sales and issuances of our common stock or other securities might result in dilution and could cause the price of our common stock to decline.

When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements in this Annual Report on Form 10-K. The matters summarized under "Item 1A. Risk Factors," and elsewhere, could cause our actual results and performance to differ significantly from those contained in our forward-looking statements. Accordingly, we cannot guarantee future results or performance. Readers are cautioned not to place undue reliance on any of these forward-looking statements, which reflect our views as of the date of this Annual Report on Form 10-K. Furthermore, we do not intend to update any of our forward-looking statements after the date of this Annual Report on Form 10-K to conform these statements to actual results and performance, except as may be required by applicable law.

## PART I

### Item 1. Business

#### Our Company

We are an externally-advised Maryland corporation formed in 2013 that invests primarily in high revenue per available room ("RevPAR") luxury hotels and resorts. High RevPAR, for purposes of our investment strategy, means RevPAR of at least twice the then-current U.S. national average RevPAR for all hotels as determined by STR, LLC. Two times the U.S. national average RevPAR was approximately \$187 \$196 for the year ended December 31, 2022 December 31, 2023. We have elected to be taxed as a REIT under the Code beginning in the year ended December 31, 2013. We conduct our business and own substantially all of our assets through our operating partnership, Braemar OP.

We operate in the direct hotel investment segment of the hotel lodging industry. As of March 8, 2023 March 12, 2024, we owned interests in 16 hotel properties in seven states, the District of Columbia, Puerto Rico and St. Thomas, U.S. Virgin Islands with 4,181 4,192 total rooms, or 3,946 3,957 net rooms, excluding those attributable to our joint venture partner. The hotel properties in our current portfolio are predominantly located in U.S. urban and resort locations with favorable growth characteristics resulting from multiple demand generators. We own 14 of our hotel properties directly, and the remaining two hotel properties through an investment in a majority-owned consolidated joint venture entity.

We are advised by Ashford LLC, a subsidiary of Ashford Inc., through an advisory agreement. All of the hotel properties in our portfolio are currently asset-managed by Ashford LLC. Asset management functions include acquisition, renovation, financing and disposition of assets, operational accountability of managers, budget review, capital expenditures and property-level strategies as compared to the day-to-day management of our hotel properties, which is performed by our hotel managers. We do not have any employees. All of the advisory services that might be provided by employees are provided to us by Ashford LLC.

We do not operate any of our hotel properties directly; instead, we employ contractually engage hotel management companies to operate them for us under management contracts. Remington Hotels, Hospitality, a subsidiary of Ashford Inc., manages four of our 16 hotel properties. Third-party management companies manage the remaining hotel properties.

Ashford Inc. also provides other products and services to us or our hotel properties through certain entities in which Ashford Inc. has an ownership interest. These products and services include, but are not limited to, design and construction services, debt placement and related services, audio visual services, real estate advisory and brokerage services, insurance policies covering general liability, workers compensation and business automobile claims, insurance claims services, hypoallergenic premium rooms, watersport activities, travel/transportation services, mobile key technology and broker-dealer services, and cash management services. See note 15 to our consolidated financial statements.

As of December 31, 2022, Mr. Monty J. Bennett is chairman and chief executive officer of Ashford Inc. and, together with Mr. Archie Bennett, Jr., together as of December 31, 2023, holds a controlling interest in Ashford Inc. As of December 31, 2023, the Bennetts owned approximately 610,246 610,261 shares of Ashford Inc. common stock, which represented an approximate 19.6% 19.0% ownership interest in Ashford Inc., and owned 18,758,600 shares of Ashford Inc. Series D Convertible Preferred Stock, which, along with all unpaid accrued and accumulated dividends thereon, is was convertible (at a conversion price of \$117.50 per share) into an additional approximate 4,145,385 4,229,668 shares of Ashford Inc. common stock, which if converted as of December 31, 2022 December 31, 2023 would have increased the Bennetts' ownership interest in Ashford Inc. to approximately 65.5%, provided that prior to August 8, 2023, the voting power of the holders of the Ashford Inc. Series D Convertible Preferred Stock is limited to 40% of the combined voting power of all of the outstanding voting securities of Ashford Inc. entitled to vote on any given matter. 65%. The 18,758,600 shares of Series D Convertible Preferred Stock owned by Mr. Monty J. Bennett and Mr. Archie Bennett, Jr. include 362,959 360,000 shares owned by trusts.

As of December 31, 2022 December 31, 2023, Mr. Monty J. Bennett, chairman of our board of directors and his father, Mr. Archie Bennett, Jr., together owned approximately 4,553,919 common 3,059,526 shares of the Company our common stock (including common units, long-term incentive plan ("LTIP") units and performance LTIP units), which represented an approximate 5.8% 4.1% ownership in the Company.

#### Our Investment and Growth Strategies

Our principal business objectives are to generate attractive returns on our invested capital and long-term growth in cash flow to maximize total returns to our stockholders. To achieve our objectives, we pursue the following strategies:

**Focused Investment Strategy.** Our strategy is to invest in premium-branded and high-quality independent luxury hotels and resorts that are anticipated to generate RevPAR at least twice the average RevPAR for the U.S. lodging industry, as determined by STR, LLC and are located predominantly in North America.

We intend to concentrate our investments in markets where we believe there are significant growth opportunities, taking into consideration the risk of additional supply. In determining anticipated RevPAR for a particular asset, we may take into account forecasts and other considerations, including without limitation, conversions or repositioning of assets, capital plans, brand changes and other factors which may reasonably be forecasted to raise RevPAR after stabilization. Stabilization with respect to a hotel, after the completion of an initiative such as a capital plan, conversion or change of brand name or change of the business mix or other operating characteristics, is generally expected to occur within 12 to 24 months after the completion of the related renovation, repositioning or brand change.

In connection with this investment strategy, we frequently evaluate opportunities to acquire additional hotel properties, either through direct ownership, joint ventures, partnership participation or similar arrangements. We may use cash or debt or issue common units or other securities of ours or our operating partnership, Braemar OP, or our other subsidiaries as currency for a transaction. Some or all of these acquisitions, if completed, may be material to our company, individually or in the aggregate. We may, from time to time, be party to letters of intent, term sheets and other non-binding agreements relating to potential acquisitions. We cannot assure you that we will enter into definitive acquisition agreements with respect to any potential acquisitions.

**Active Asset Management Strategy.** We rely on Ashford LLC to asset-manage the hotel properties in our portfolio, and will rely on Ashford LLC to asset-manage any hotel properties we may acquire in the future, to help maximize the operating performance, cash flow and value of each hotel. Asset management is intended to include actively “managing” the hotel managers and holding them accountable to drive top line and bottom-line operating performances. Ashford LLC aims to achieve this goal by benchmarking each asset's performance compared to similar hotel properties within our portfolio. Ashford

LLC also closely monitors all hotel operating expenses, as well as third-party vendor and service contracts. If expense levels are not commensurate with the property revenues, Ashford LLC works with the property manager to implement cost-cutting initiatives. Ashford LLC is also very active in evaluating and proposing improved strategies for the sales, marketing and revenue management initiatives of the property manager as well as its ability to drive ancillary hotel revenues (e.g., spa, food and beverage, parking, and Internet). In addition to supervising and directing the property manager, Ashford LLC works with the brands and management companies to negotiate favorable franchise agreement and hotel management agreement terms.

Ashford LLC also actively participates in brand advisory committee meetings to provide feedback and input on new hotel brand initiatives.

**Disciplined Capital Allocation Strategy.** We intend to pursue a disciplined capital allocation strategy for the acquisition, operation, disposition and financing of assets in our portfolio and those that we may acquire in the future. Ashford LLC utilizes its extensive industry experience and capital markets expertise to influence the timing of capital deployment and recycling, and we may selectively sell hotel properties that are no longer consistent with our investment strategy or as to which returns appear to have been maximized. To the extent we sell hotel properties, we generally intend to redeploy the capital into investment opportunities that we believe will achieve higher returns or buy back our common stock or other securities.

## Our Hotels

As of **March 8, 2023** **March 12, 2024**, we own interests in a high-quality, geographically diverse portfolio of 16 hotel properties located in seven states, the District of Columbia, Puerto Rico and St. Thomas, U.S. Virgin Islands. Our properties have **4,181** **4,192** total rooms, or **3,946** **3,957** net rooms, excluding those attributable to our joint venture partner. All of the hotel properties in our portfolio are generally located in markets that exhibit strong growth characteristics resulting from multiple demand generators. Nine of the 16 hotel properties in our portfolio operate under premium brands affiliated with Marriott International, Inc. (“Marriott”) and Hilton Worldwide, Inc. (“Hilton”). One hotel property is managed by Accor Management US Inc. (“Accor”), one is managed by Hyatt Corporation (“Hyatt”), one is managed by Four Seasons Hotels Limited (“Four Seasons”) and four hotel properties are managed by Remington Hotels, a subsidiary of Ashford Inc. Hospitality. The material terms of these hotel management agreements are described below in “Certain Agreements—Hotel Management Agreements.” Each of our hotel properties is encumbered by loans as described in “Management's Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness.” For the year ended **December 31, 2022** **December 31, 2023**, approximately **79%** **76%** of the rooms revenue was generated by transient business, approximately **19%** **23%** was generated by group sales and **2%** **1%** was generated by contract sales.

The following table sets forth additional information for our hotel properties (dollars in thousands, except ADR and RevPAR) for the year ended **December 31, 2022** **December 31, 2023**:

| Year Ended December 31, 2022                |                                             |                   |       |       |           |           |           |           |                       | Year Ended December 31, 2023 |          |       |       |           |     |        |           |                       |  |
|---------------------------------------------|---------------------------------------------|-------------------|-------|-------|-----------|-----------|-----------|-----------|-----------------------|------------------------------|----------|-------|-------|-----------|-----|--------|-----------|-----------------------|--|
| Year Ended December 31, 2022                |                                             |                   |       |       |           |           |           |           |                       | Year Ended December 31, 2023 |          |       |       |           |     |        |           |                       |  |
| Hotel                                       | Hotel                                       |                   | Total | %     |           |           |           | Hotel Net | Hotel                 | Hotel                        |          | Total | %     |           |     |        | Hotel Net | Hotel                 |  |
| Property                                    | Property                                    | Location          | Rooms | Owned | Occupancy | ADR       | RevPAR    | Income    | EBITDA <sup>(1)</sup> | Property                     | Location | Rooms | Owned | Occupancy | ADR | RevPAR | Income    | EBITDA <sup>(1)</sup> |  |
| Hilton La Jolla Torrey Pines <sup>(2)</sup> | Hilton La Jolla Torrey Pines <sup>(2)</sup> | La Jolla, CA      | 394   | 75 %  | 77.25 %   | \$ 250.95 | \$ 193.87 | \$ 13,162 | \$ 17,328             |                              |          |       |       |           |     |        |           |                       |  |
| Capital Hilton                              | Capital Hilton                              | Washington, D.C.  | 550   | 75 %  | 65.17 %   | 228.36    | 148.82    | 1,125     | 10,174                |                              |          |       |       |           |     |        |           |                       |  |
| Marriott Seattle Waterfront                 | Marriott Seattle Waterfront                 | Seattle, WA       | 361   | 100 % | 56.88 %   | 286.14    | 162.75    | 3,790     | 9,217                 |                              |          |       |       |           |     |        |           |                       |  |
| The Clancy                                  | The Clancy                                  | San Francisco, CA | 410   | 100 % | 70.05 %   | 298.91    | 209.38    | (2,872)   | 8,354                 |                              |          |       |       |           |     |        |           |                       |  |
| The Notary Hotel                            | The Notary Hotel                            | Philadelphia, PA  | 499   | 100 % | 55.92 %   | 218.34    | 122.10    | (505)     | 7,673                 |                              |          |       |       |           |     |        |           |                       |  |
| The Ritz-Carlton Lake Tahoe <sup>(3)</sup>  | The Ritz-Carlton Lake Tahoe <sup>(3)</sup>  | Truckee, CA       | 170   | 100 % | 57.60 %   | 736.50    | 424.40    | 5,020     | 11,383                |                              |          |       |       |           |     |        |           |                       |  |
| The Ritz-Carlton Sarasota                   | The Ritz-Carlton Sarasota                   | Sarasota, FL      | 276   | 100 % | 74.47 %   | 617.66    | 459.97    | 17,641    | 30,377                |                              |          |       |       |           |     |        |           |                       |  |
| Sofitel Chicago Magnificent Mile            | Sofitel Chicago Magnificent Mile            | Chicago, IL       | 415   | 100 % | 65.36 %   | 250.78    | 163.92    | 2,226     | 8,288                 |                              |          |       |       |           |     |        |           |                       |  |

|                                                      |                                                      |                  |       |       |         |           |           |           |            |  |
|------------------------------------------------------|------------------------------------------------------|------------------|-------|-------|---------|-----------|-----------|-----------|------------|--|
| Pier House                                           | Pier House                                           |                  |       |       |         |           |           |           |            |  |
| Resort & Spa                                         | Resort & Spa                                         | Key West, FL     | 142   | 100 % | 74.81 % | 707.12    | 529.03    | 12,377    | 18,115     |  |
| Bardessono                                           | Bardessono                                           |                  |       |       |         |           |           |           |            |  |
| Hotel and Spa <sup>(4)</sup>                         | Hotel and Spa <sup>(4)</sup>                         | Yountville, CA   | 65    | 100 % | 63.96 % | 1,257.56  | 804.31    | 4,488     | 9,127      |  |
| The Ritz-Carlton St. Thomas                          | The Ritz-Carlton St. Thomas                          | St. Thomas, U.S. | 180   | 100 % | 73.81 % | 1,204.88  | 889.30    | 18,920    | 30,137     |  |
| Park Hyatt Beaver Creek                              | Park Hyatt Beaver Creek                              |                  |       |       |         |           |           |           |            |  |
| Resort & Spa                                         | Resort & Spa                                         | Beaver Creek, CO | 190   | 100 % | 60.58 % | 601.05    | 364.13    | 5,668     | 13,620     |  |
| Hotel Yountville                                     | Hotel Yountville                                     | Yountville, CA   | 80    | 100 % | 54.06 % | 906.82    | 490.21    | 2,547     | 6,958      |  |
| Mr. C Beverly Hills Hotel                            | Mr. C Beverly Hills Hotel                            | Los Angeles, CA  | 143   | 100 % | 74.26 % | 347.57    | 258.10    | (1,390)   | 3,157      |  |
| Cameo Beverly Hills                                  | Cameo Beverly Hills                                  |                  |       |       |         |           |           |           |            |  |
| The Ritz-Carlton Reserve Dorado Beach <sup>(5)</sup> | The Ritz-Carlton Reserve Dorado Beach <sup>(5)</sup> | Puerto Rico      | 96    | 100 % | 63.53 % | 1,928.50  | 1,225.27  | 7,583     | 14,887     |  |
| Four Seasons Resort Scottsdale <sup>(6)</sup>        | Four Seasons Resort Scottsdale <sup>(6)</sup>        | Scottsdale, AZ   | 210   | 100 % | 45.15 % | 1,056.99  | 477.19    | 933       | 1,710      |  |
| <b>Total / Weighted Average <sup>(7)</sup></b>       |                                                      |                  | 4,181 |       | 65.62 % | \$ 451.56 | \$ 296.30 | \$ 90,713 | \$ 200,505 |  |
| Four Seasons Resort Scottsdale                       | Four Seasons Resort Scottsdale                       |                  |       |       |         |           |           |           |            |  |
| <b>Total / Weighted Average <sup>(8)</sup></b>       |                                                      |                  |       |       |         |           |           |           |            |  |

<sup>(3)</sup> See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures" for a reconciliation of Hotel EBITDA by property. We own the Hilton La Jolla Torrey Pines and the Capital Hilton in a joint venture. The Hotel EBITDA represents the total amount for each hotel during our period of ownership, not our pro rata amount based on our ownership percentage.

<sup>(2)</sup> Subject to a ground lease that expires in 2067. The ground lease contains one extension option of either 10 or 20 years dependent upon capital investment spend during the lease term.

<sup>(3)</sup> The above information, excluding Hotel **net income and Hotel** EBITDA, does not include the operations of the voluntary rental program with respect to condominium units not owned by the Company.

<sup>(4)</sup> Subject to a ground lease that initially expires in 2065. The ground lease contains two 25-year extension options, at our election.

<sup>(5)</sup> The above information, excluding Hotel **net income and Hotel** EBITDA, does not include the operations of the voluntary rental program with respect to the residential units not owned by the Company. **The results of the Ritz-Carlton Reserve Dorado Beach are included from March 11, 2022 through December 31, 2022.**

<sup>(6)</sup> **The results of the Four Seasons Resort Scottsdale are included from December 1, 2022 through December 31, 2022.**

<sup>(7)</sup> Calculated on a portfolio basis for the 16 hotel properties in our portfolio as of **December 31, 2022** **December 31, 2023.**

#### **Hilton La Jolla Torrey Pines, La Jolla, California**

We own a 75% partnership interest in Ashford HHC Partners III LP, which is subject to a ground lease in the Hilton La Jolla Torrey Pines expiring in 2067. CHH Torrey Pines Hotel Partners LP, a subsidiary of Ashford HHC Partners III LP, leases the Hilton La Jolla Torrey Pines hotel to CHH Torrey Pines Tenant Corp. The remaining 25% partnership interest in Ashford HHC Partners III LP is owned by Park Hotels & Resorts, Inc. The hotel opened in 1989 and is comprised of 394 guest rooms, including 232 king rooms, 152 queen/queen rooms and 10 suites. Approximately **\$32.3 million** **\$34.1 million** has been spent on capital expenditures since the acquisition of the hotel by Ashford HHC Partners III LP in 2007, which has included lobby, restaurant, meeting space and room renovations.

The hotel's location attracts all three major demand segments: corporate transient, group meetings and leisure transient. The famous Torrey Pines Golf Course, located on the property's western boundary, appeals to each demand segment and provides exclusive tee times to guests staying at the hotel. Nearly every room has a private balcony or patio with ocean, garden or golf course views. In addition to the attraction of the golf course, the hotel is located within walking distance of the Torrey Pines State Nature Reserve with access to a number of outdoor activities and Pacific Ocean beaches. Numerous hospitals and research facilities are located within close proximity of the hotel.

Additional property highlights include:

- **Meeting Space:** Approximately 60,000 square feet of event space, including:
  - 21,000 square feet of function space in 21 rooms to accommodate up to 1,500 people;
  - over 32,000 square feet of outdoor function space; and
  - the 6,203 square foot Fairway Pavilion Ballroom overlooking the 18th fairway of Torrey Pines Golf Course South Course.
- **Food and Beverage:** The Hilton La Jolla Torrey Pines hosts the Torreyana Grille and Lounge, an all-purpose, three-meal restaurant with 205 seats and the Horizons Coffee Cafe. Both outlets overlook the golf course and the Pacific Ocean.
- **Other Amenities:** The hotel has a fitness center, outdoor pool, outdoor whirlpool, tennis and pickleball courts, basketball court, business center, lush gardens and pathways, valet parking and a gift shop.

**Location and Access.** The hotel is located near the Pacific Ocean in a secluded area of the famous Torrey Pines Golf Course. The hotel is approximately 17 miles from the San Diego International Airport.

**Operating History.** The following table shows certain historical information regarding the Hilton La Jolla Torrey Pines since 2020; 2021:

|           |           | Year Ended December 31, |  |           |  |           |  |  |
|-----------|-----------|-------------------------|--|-----------|--|-----------|--|--|
|           |           | 2022                    |  | 2021      |  | 2020      |  |  |
|           |           | Year Ended December 31, |  |           |  |           |  |  |
|           |           | Year Ended December 31, |  |           |  |           |  |  |
|           |           | Year Ended December 31, |  |           |  |           |  |  |
|           |           | 2023                    |  |           |  |           |  |  |
| Rooms     |           |                         |  |           |  |           |  |  |
| Rooms     |           |                         |  |           |  |           |  |  |
| Rooms     | Rooms     | 394                     |  | 394       |  | 394       |  |  |
| Occupancy | Occupancy | 77.3 %                  |  | 57.8 %    |  | 37.8 %    |  |  |
| Occupancy |           |                         |  |           |  |           |  |  |
| Occupancy |           |                         |  |           |  |           |  |  |
| ADR       |           |                         |  |           |  |           |  |  |
| ADR       |           |                         |  |           |  |           |  |  |
| ADR       | ADR       | \$ 250.95               |  | \$ 203.63 |  | \$ 175.17 |  |  |
| RevPAR    | RevPAR    | \$ 193.87               |  | \$ 117.70 |  | \$ 66.29  |  |  |
| RevPAR    |           |                         |  |           |  |           |  |  |
| RevPAR    |           |                         |  |           |  |           |  |  |

**Selected Financial Information.** The following tables show certain selected financial information regarding the Hilton La Jolla Torrey Pines since 2020 2021 (dollars in thousands):

|                       |                       | Year Ended December 31,            |           |           |
|-----------------------|-----------------------|------------------------------------|-----------|-----------|
|                       |                       | 2022                               | 2021      | 2020      |
|                       |                       | Year Ended December 31,            |           |           |
|                       |                       | 2023                               | 2022      | 2021      |
| Total                 | Total                 |                                    |           |           |
| Revenue               | Revenue               | \$ 49,076                          | \$ 25,816 | \$ 15,389 |
| Rooms                 | Rooms                 |                                    |           |           |
| Revenue               | Revenue               | 27,880                             | 16,927    | 9,559     |
| Hotel net             | Hotel net             |                                    |           |           |
| income                | income                | 13,162                             | 1,915     | (4,013)   |
| Hotel net             | Hotel net             | Hotel net income margin            |           |           |
| income                | income                |                                    |           |           |
| margin                | margin                | 26.8 %                             | 7.4 %     | (26.1)%   |
|                       |                       | 25.3 %                             | 26.8 %    | 7.4 %     |
| Hotel                 | Hotel                 |                                    |           |           |
| EBITDA <sup>(1)</sup> | EBITDA <sup>(1)</sup> | 17,328                             | 6,235     | 353       |
| Hotel                 | Hotel                 | Hotel EBITDA Margin <sup>(1)</sup> |           |           |
| EBITDA                | EBITDA                |                                    |           |           |
| Margin <sup>(1)</sup> | Margin <sup>(1)</sup> | 35.3 %                             | 24.2 %    | 2.3 %     |
|                       |                       | 34.1 %                             | 35.3 %    | 24.2 %    |

<sup>(1)</sup> See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures" for a reconciliation of net income (loss) to Hotel EBITDA by property. We own the Hilton La Jolla Torrey Pines in a joint venture. The Hotel EBITDA amount for this hotel represents the total amount for this hotel, not our pro rata amount based on our 75% ownership percentage.



### Capital Hilton, Washington, D.C.

We own a 75% partnership interest in Ashford HHC Partners III LP, which has a fee simple interest in the Capital Hilton. CHH Capital Hotel Partners LP, a subsidiary of Ashford HHC Partners III LP, leases the Capital Hilton to CHH Capital Tenant Corp. The remaining 25% partnership interest in Ashford HHC Partners III LP is owned by Park Hotels & Resorts, Inc. The hotel opened in 1943 and is comprised of 550 guest rooms, including 283 king rooms, 94 queen/queen rooms, 90 double/double rooms, 81 single queen rooms and two parlor suites. Approximately \$77.0 million \$105.4 million has been spent on capital expenditures since the acquisition of the hotel by Ashford HHC Partners III LP in 2007, which has included renovations to the guest rooms, public space, meeting space, lobby and restaurant.

The hotel is strategically located at 16th and K Street, in close proximity to the White House and other government facilities. The hotel has significant historical connotations and is located near numerous Washington, D.C. attractions including the National Mall. The offices of a number of legal firms and national associations are located within walking distance of the property.

Additional property highlights include:

- **Meeting Space:** Approximately 31,000 square feet of contiguous meeting space located on the same floor.
- **Food and Beverage:** The Capital Hilton hosts (i) the Northgate Grill, a full service restaurant with 130 seats and (ii) the Statler Lounge, a lobby bar with 72 seats.
- **Other Amenities:** The hotel has a health club, gift shop, business center and valet parking.

**Location and Access.** The hotel is conveniently located in the center of Washington, D.C., north of the White House and near the National Mall and numerous tourist attractions. By virtue of its size and clear signage, it is visible from both directions on 16th street. The hotel is approximately five miles from Ronald Reagan Washington National Airport.

**Operating History.** The following table shows certain historical information regarding the Capital Hilton since 2020: 2021:

|           |           | Year Ended December 31, |        |        |        |        |        |
|-----------|-----------|-------------------------|--------|--------|--------|--------|--------|
|           |           | 2022                    |        | 2021   |        | 2020   |        |
|           |           | Year Ended December 31, |        |        |        |        |        |
|           |           | Year Ended December 31, |        |        |        |        |        |
|           |           | Year Ended December 31, |        |        |        |        |        |
| 2023      |           |                         |        |        |        |        |        |
| Rooms     |           |                         |        |        |        |        |        |
| Rooms     |           |                         |        |        |        |        |        |
| Rooms     | Rooms     | 550                     |        | 550    |        | 550    |        |
| Occupancy | Occupancy | 65.2 %                  |        | 30.5 % |        | 19.2 % |        |
| Occupancy |           |                         |        |        |        |        |        |
| Occupancy |           |                         |        |        |        |        |        |
| ADR       |           |                         |        |        |        |        |        |
| ADR       |           |                         |        |        |        |        |        |
| ADR       | ADR       | \$                      | 228.36 | \$     | 159.77 | \$     | 197.00 |
| RevPAR    | RevPAR    | \$                      | 148.82 | \$     | 48.68  | \$     | 37.73  |
| RevPAR    |           |                         |        |        |        |        |        |
| RevPAR    |           |                         |        |        |        |        |        |

**Selected Financial Information.** The following tables show certain selected financial information regarding the Capital Hilton since 2020: 2021 (dollars in thousands):

|                       |                       | Year Ended December 31,            |          |          |
|-----------------------|-----------------------|------------------------------------|----------|----------|
|                       |                       | 2022                               | 2021     | 2020     |
|                       |                       | Year Ended December 31,            |          |          |
|                       |                       | 2023                               | 2022     | 2021     |
| Total                 | Total                 |                                    |          |          |
| Revenue               | Revenue               | \$45,113                           | \$13,929 | \$12,718 |
| Rooms                 | Rooms                 |                                    |          |          |
| Revenue               | Revenue               | 29,877                             | 9,773    | 7,595    |
| Hotel net             | Hotel net             |                                    |          |          |
| income                | income                | 1,125                              | (11,082) | (12,722) |
| Hotel net             | Hotel net             | Hotel net income margin            |          |          |
| income                | income                |                                    |          |          |
| margin                | margin                | 2.5 %                              | (79.6)%  | (100.0)% |
|                       |                       | 8.5 %                              | 2.5 %    | (79.6) % |
| Hotel                 | Hotel                 |                                    |          |          |
| EBITDA <sup>(1)</sup> | EBITDA <sup>(1)</sup> | 10,174                             | (3,342)  | (5,076)  |
| Hotel                 | Hotel                 | Hotel EBITDA Margin <sup>(1)</sup> |          |          |
| EBITDA                | EBITDA                |                                    |          |          |
| Margin <sup>(1)</sup> | Margin <sup>(1)</sup> | 22.6 %                             | (24.0)%  | (39.9)%  |
|                       |                       | 26.7 %                             | 22.6 %   | (24.0) % |

(1) See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures" for a reconciliation of net income (loss) to Hotel EBITDA by property. We own the Capital Hilton in a joint venture. The Hotel EBITDA amount for this hotel represents the total amount for this hotel, not our pro rata amount based on our 75% ownership percentage.

**Marriott Seattle Waterfront, Seattle, Washington**

Our subsidiary, Ashford Seattle Waterfront LP, owns a fee simple interest in the Marriott Seattle Waterfront. The hotel opened in 2003 and is comprised of 348 362 guest rooms and 13 7 suites, including 204 240 king rooms 155 double/double rooms and two Murphy beds. 129 queen/queen rooms. About half of the hotel's guest rooms have water views overlooking Elliott Bay with the remaining guest rooms having partial water views. Approximately \$34.2 million \$34.6 million has been spent on capital expenditures since the acquisition of the hotel in 2007. Capital improvements in 2017 included the relocation of the M Club from the eighth floor to the lobby level, which recaptured three guest rooms. A transformative guest room and corridor renovation occurred in 2022 which included case goods, flooring, wall covering, soft goods, lighting, and bathrooms. bathrooms and added 8 new keys.

The hotel is located on the Seattle Waterfront within walking distance of Pike Place Market, a unique retail experience and a major Seattle tourist attraction. Numerous food vendors providing locally produced food, retail shops offering a variety of merchandise and the original Starbucks Coffee Shop complement the venue. The Seattle Great Wheel, one of the tallest Ferris wheels in the western United States, and the Seattle Aquarium are located along Alaskan Way, which is in close proximity to the hotel. The hotel is also located directly across from the Pier 66 cruise terminal, a strong leisure demand generator during the six-month long cruise season.

- Additional property highlights include:
- **Meeting Space:** Approximately 18,000 square feet of meeting space.
  - **Food and Beverage:** The Marriott Seattle Waterfront hosts: (i) Hook and Plow, a full-service restaurant with 192 seats; (ii) Lobby Bar/Library with 120 seats; and (iii) the "Market" offering snacks, drinks and sundry items.
  - **Other Amenities:** The hotel has a fitness center, indoor/outdoor connected pool, business center, guest laundry facilities, valet parking and three electric vehicle charging stations.

**Location and Access.** The hotel is conveniently located on the Seattle waterfront, just off of the Alaskan Way S. exit from Highway 99 N. The hotel is approximately 13 miles from the Seattle/Tacoma International Airport.

**Operating History.** The following table shows certain historical information regarding the Marriott Seattle Waterfront since 2020: 2021:

|           |           | Year Ended December 31, |        |        |        |        |        |
|-----------|-----------|-------------------------|--------|--------|--------|--------|--------|
|           |           | 2022                    |        | 2021   |        | 2020   |        |
|           |           | Year Ended December 31, |        |        |        |        |        |
|           |           | Year Ended December 31, |        |        |        |        |        |
|           |           | Year Ended December 31, |        |        |        |        |        |
| 2023      |           |                         |        |        |        |        |        |
| Rooms     |           |                         |        |        |        |        |        |
| Rooms     |           |                         |        |        |        |        |        |
| Rooms     | Rooms     | 361                     |        | 361    |        | 361    |        |
| Occupancy | Occupancy | 56.9 %                  |        | 52.2 % |        | 20.7 % |        |
| Occupancy |           |                         |        |        |        |        |        |
| Occupancy |           |                         |        |        |        |        |        |
| ADR       |           |                         |        |        |        |        |        |
| ADR       |           |                         |        |        |        |        |        |
| ADR       | ADR       | \$                      | 286.14 | \$     | 219.51 | \$     | 205.12 |
| RevPAR    | RevPAR    | \$                      | 162.75 | \$     | 114.64 | \$     | 42.41  |
| RevPAR    |           |                         |        |        |        |        |        |
| RevPAR    |           |                         |        |        |        |        |        |

**Selected Financial Information.** The following tables show certain selected financial information regarding the Marriott Seattle Waterfront since 2020 2021 (dollars in thousands):

|           |           | Year Ended December 31, |           |          |
|-----------|-----------|-------------------------|-----------|----------|
|           |           | 2022                    | 2021      | 2020     |
|           |           | Year Ended December 31, |           |          |
|           |           | 2023                    | 2022      | 2021     |
| Total     | Total     |                         |           |          |
| Revenue   | Revenue   | \$ 26,385               | \$ 18,315 | \$ 7,021 |
| Rooms     | Rooms     |                         |           |          |
| Revenue   | Revenue   | 21,445                  | 15,105    | 5,604    |
| Hotel net | Hotel net |                         |           |          |
| income    | income    | 3,790                   | (293)     | (6,001)  |

|                         |                         |        |        |         |                         |        |        |         |
|-------------------------|-------------------------|--------|--------|---------|-------------------------|--------|--------|---------|
| Hotel net income margin | Hotel net income margin | 14.4 % | (1.6)% | (85.5)% | Hotel net income margin | 15.8 % | 14.4 % | (1.6) % |
| Hotel EBITDA (1)        | Hotel EBITDA (1)        | 9,217  | 3,557  | (1,733) |                         |        |        |         |
| Hotel EBITDA Margin (1) | Hotel EBITDA Margin (1) | 34.9 % | 19.4 % | (24.7)% | Hotel EBITDA Margin (1) | 37.0 % | 34.9 % | 19.4 %  |

(1) See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures" for a reconciliation of net income (loss) to Hotel EBITDA by property.

### The Clancy, San Francisco, California

Our subsidiary, Ashford San Francisco II LP, owns a fee simple interest in The Clancy. The hotel opened in 2001 and is comprised of 410 guest rooms, including 196 king rooms, 184 queen/queen rooms and 30 suites. Approximately \$76.4 million \$77.2 million has been spent on capital expenditures since the acquisition of the hotel in 2007, which included a restaurant renovation, a guest room soft goods renovation and a meeting space renovation. In early 2017, the hotel began an extensive custom designed guest room renovation. As part of this renovation we increased the room count from 405 to 410 rooms utilizing former conference suites. The new guest rooms reflect the hotel's ideal location in the new and evolving SoMa district. Bold vibrant colors with calming grey undertones mimic the stunning visual beauty expressed in the iconic city of San Francisco. Innovative smart technology combined with comfort and luxury provide travelers with an intriguing and unique experience.

On October 1, 2020, we announced the opening of The Clancy, a conversion of the Courtyard San Francisco Downtown into a full service hotel within Marriott's Autograph Collection®. The conversion included a complete redesign of the lobby, front desk, food and beverage outlets, meeting spaces, public areas and the façade. The custom designed guest rooms are commensurate with an upper upscale brand. Adding a few additional amenities and accessories completed their transition to an Autograph Collection Hotel. hotel. The reimaged public space and modern guest rooms elevate The Clancy within the upper upscale market.

The hotel is located conveniently downtown in the heart of the SoMa district of San Francisco. The hotel is located near numerous high tech businesses and attractions, including the Moscone Convention Center, Transbay Transit Center, Oracle Park, Union Square and the Metreon Complex.

Additional property highlights include:

- **Meeting Space:** Approximately 9,900 square feet of indoor meeting space and nearly 1,000 square feet of private outdoor reception areas. In 2022, we converted the former indoor swimming pool space into an approximate 1,200 square foot meeting room, which includes an outdoor balcony space overlooking the Block 9 Courtyard. Located on the second floor adjacent to the majority of the hotel's meeting space, this new meeting room will allow the hotel to capture additional groups while providing much greater flexibility to the group meeting guests.
- **Food and Beverage:** The transformed food and beverage outlets at The Clancy include completely reconfigured spaces to meet the requirements of today's discerning traveler. The Seven Square Tap Room, open for breakfast, lunch, dinner and cocktails, seats 118. The dining area seats 78. The bar and lounge area seats six at the bar and 34 in the lounge. The Lobby Lounge is configured with a bar, couches, small tables and a community table, seats 43 guests including 10 at the bar, 10 at the community table and 23 in various other seating configurations. The Radiator Coffee Salon, open for breakfast and light lunches, seats 35 patrons at tables and stadium style seating. An exterior sales window allows the outlet to capture business from local residents and office commuters. Two exterior venues are available for both group and transient guests: the original outdoor courtyard, renamed Block 9 and a completely new space, the Parklet. Block 9 includes a fire pit and has been redesigned to be flexible enough to offer overflow seating for the Lobby Lounge and for private receptions. Total seating in Block 9 encompasses 56 seats in lounge, table and stadium seating configurations. The Parklet is completely covered and can be used for small receptions and outdoor seating.
- **Other Amenities:** The hotel has a fully equipped 1,400 square foot fitness center. In 2022 we expanded the fitness center by approximately 600 square feet. SOMA Mercantile, a gift shop of approximately 100 square feet contains food, beverage and retail items unique to San Francisco, along with national brand favorites. Valet parking is available in a two level subterranean garage.
- **Original Art:** During the conversion process, we commissioned two new outdoor murals, located in Block 9 and the Parklet and two sculptures, one located on a lobby wall and one on the exterior of the building. The hotel's original art

piece, a globe representing San Francisco's unique position as a world class city, was moved from Block 9 to a prominent position in the Parklet.

**Location and Access.** The hotel is located in downtown San Francisco and is easily accessible from Interstate 80 and US 101. The hotel is approximately 14 miles from the San Francisco International Airport. The Montgomery Street BART (Bay Area Rapid Transit) station is approximately three blocks from the hotel providing convenient access to the airport and East Bay communities.

**Operating History.** The following table shows certain historical information regarding The Clancy since 2020: 2021:

| Year Ended December 31, |      |      |  |
|-------------------------|------|------|--|
| 2022                    | 2021 | 2020 |  |
| Year Ended December 31, |      |      |  |
| Year Ended December 31, |      |      |  |
| Year Ended December 31, |      |      |  |
| 2023                    |      |      |  |

|           |           |    |        |   |    |        |   |        |   |
|-----------|-----------|----|--------|---|----|--------|---|--------|---|
| Rooms     |           |    |        |   |    |        |   |        |   |
| Rooms     |           |    |        |   |    |        |   |        |   |
| Rooms     | Rooms     |    | 410    |   |    | 410    |   | 410    |   |
| Occupancy | Occupancy |    | 70.1   | % |    | 56.0   | % | 19.5   | % |
| Occupancy |           |    |        |   |    |        |   |        |   |
| Occupancy |           |    |        |   |    |        |   |        |   |
| ADR       |           |    |        |   |    |        |   |        |   |
| ADR       |           |    |        |   |    |        |   |        |   |
| ADR       | ADR       | \$ | 298.91 |   | \$ | 174.64 |   | 281.66 |   |
| RevPAR    | RevPAR    | \$ | 209.38 |   | \$ | 97.74  |   | 54.97  |   |
| RevPAR    |           |    |        |   |    |        |   |        |   |
| RevPAR    |           |    |        |   |    |        |   |        |   |

*Selected Financial Information.* The following tables show certain selected financial information regarding The Clancy since 2020 2021 (dollars in thousands):

|           |           | Year Ended December 31, |          |          |                         |         |                         |  |  |
|-----------|-----------|-------------------------|----------|----------|-------------------------|---------|-------------------------|--|--|
|           |           | 2022                    | 2021     | 2020     |                         |         |                         |  |  |
|           |           | Year Ended December 31, |          |          |                         |         |                         |  |  |
|           |           | 2023                    |          |          | 2023                    | 2022    | Year Ended December 31, |  |  |
|           |           | 2023                    |          |          | 2023                    | 2022    | 2021                    |  |  |
| Total     | Total     |                         |          |          |                         |         |                         |  |  |
| Revenue   | Revenue   | \$36,163                | \$17,380 | \$ 9,622 |                         |         |                         |  |  |
| Rooms     | Rooms     |                         |          |          |                         |         |                         |  |  |
| Revenue   | Revenue   | 31,334                  | 14,627   | 8,249    |                         |         |                         |  |  |
| Hotel net | Hotel net |                         |          |          |                         |         |                         |  |  |
| income    | income    | (2,872)                 | (15,467) | (16,177) |                         |         |                         |  |  |
| Hotel net | Hotel net |                         |          |          | Hotel net income margin |         |                         |  |  |
| income    | income    |                         |          |          |                         |         |                         |  |  |
| margin    | margin    | (7.9)%                  | (89.0)%  | (168.1)% | (1.2) %                 | (7.9) % | (89.0) %                |  |  |
| Hotel     | Hotel     |                         |          |          |                         |         |                         |  |  |
| EBITDA    | EBITDA    |                         |          |          |                         |         |                         |  |  |
| (1)       | (1)       | 8,354                   | (2,217)  | (3,695)  |                         |         |                         |  |  |
| Hotel     | Hotel     |                         |          |          | Hotel EBITDA Margin (1) |         |                         |  |  |
| EBITDA    | EBITDA    |                         |          |          |                         |         |                         |  |  |
| Margin    | Margin    |                         |          |          |                         |         |                         |  |  |
| (1)       | (1)       | 23.1 %                  | (12.8)%  | (38.4)%  | 23.9 %                  | 23.1 %  | (12.8) %                |  |  |

(1) See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures" for a reconciliation of net income (loss) to Hotel EBITDA by property.

#### The Notary Hotel, Philadelphia, Pennsylvania

Our subsidiary, Ashford Philadelphia Annex LP, owns a fee simple interest in The Notary Hotel. The hotel opened in 1999 and is comprised of 499 guest rooms, including 311 king rooms, 109 queen/queen rooms, 77 double/double rooms and two parlor suites. Approximately \$59.2 million \$61.6 million has been spent on capital expenditures since the acquisition of the hotel in 2007.

On July 17, 2019, we announced the opening of The Notary Hotel. Listed on the National Register of Historic Places, the former Courtyard by Marriott Philadelphia Downtown underwent a rebranding and renovation in excess of \$20 million to create The Notary Hotel. Improvements included a complete renovation of the guest rooms, guest corridors, and lobby. Additionally the restaurant was renovated and repositioned as an upscale tapas bar.

The property joined Marriott's Autograph Collection® Hotels, a diverse portfolio of independent hotels around the world that reflect unique vision, design and environments. It is located in the center of Philadelphia's downtown business district, across from City Hall and one block from the Philadelphia Convention Center. The hotel is also conveniently located next to the Historical District, the Reading Terminal Market, the University of Pennsylvania and Independence Hall.

Additional property highlights include:

- *Meeting Space:* Approximately 10,000 square feet of meeting space throughout 12 event rooms.
- *Food and Beverage:* The Notary Hotel hosts (i) Sabroso+Sorbo, an exciting restaurant with Latin-inspired fare and specialty cocktails and (ii) La Colombe®, the hotel's popular onsite coffee outlet featuring grab-and-go sandwiches, appetizing snacks, fresh salads and delectable pastries.
- *Other Amenities:* The hotel has a fitness center, sundries shop/market, business center and valet parking.

*Location and Access.* The hotel is located in downtown Philadelphia and is accessible from Interstate 676. The hotel's corner location and clear signage make it easily visible from both Juniper Street and South Penn Square. The hotel is approximately 10 miles from the Philadelphia International Airport.

Operating History. The following table shows certain historical information regarding The Notary Hotel since 2020; 2021:

|           |           | Year Ended December 31, |        |        |        |        |        |
|-----------|-----------|-------------------------|--------|--------|--------|--------|--------|
|           |           | 2022                    |        | 2021   |        | 2020   |        |
|           |           | Year Ended December 31, |        |        |        |        |        |
|           |           | Year Ended December 31, |        |        |        |        |        |
|           |           | Year Ended December 31, |        |        |        |        |        |
| 2023      |           |                         |        |        |        |        |        |
| Rooms     |           |                         |        |        |        |        |        |
| Rooms     |           |                         |        |        |        |        |        |
| Rooms     | Rooms     | 499                     |        | 499    |        | 499    |        |
| Occupancy | Occupancy | 55.9 %                  |        | 36.9 % |        | 24.2 % |        |
| Occupancy |           |                         |        |        |        |        |        |
| Occupancy |           |                         |        |        |        |        |        |
| ADR       |           |                         |        |        |        |        |        |
| ADR       |           |                         |        |        |        |        |        |
| ADR       | ADR       | \$                      | 218.34 | \$     | 176.70 | \$     | 166.25 |
| RevPAR    | RevPAR    | \$                      | 122.10 | \$     | 65.27  | \$     | 40.24  |
| RevPAR    |           |                         |        |        |        |        |        |
| RevPAR    |           |                         |        |        |        |        |        |

Selected Financial Information. The following tables show certain selected financial information regarding The Notary Hotel since 2020 2021 (dollars in thousands):

|                       |                       | Year Ended December 31,            |           |          |
|-----------------------|-----------------------|------------------------------------|-----------|----------|
|                       |                       | 2022                               | 2021      | 2020     |
|                       |                       | Year Ended December 31,            |           |          |
|                       |                       | 2023                               | 2022      | 2021     |
| Total                 | Total                 |                                    |           |          |
| Revenue               | Revenue               | \$ 27,536                          | \$ 14,158 | \$ 9,000 |
| Rooms                 | Rooms                 |                                    |           |          |
| Revenue               | Revenue               | 22,237                             | 11,889    | 7,349    |
| Hotel net             | Hotel net             |                                    |           |          |
| income                | income                | (505)                              | (6,261)   | (2,571)  |
| Hotel net             | Hotel net             | Hotel net income margin            |           |          |
| income                | income                |                                    |           |          |
| margin                | margin                | (1.8)%                             | (44.2)%   | (28.6)%  |
| Hotel                 | Hotel                 |                                    |           |          |
| EBITDA <sup>(1)</sup> | EBITDA <sup>(1)</sup> | 7,673                              | 1,924     | (1,633)  |
| Hotel                 | Hotel                 | Hotel EBITDA Margin <sup>(1)</sup> |           |          |
| EBITDA                | EBITDA                |                                    |           |          |
| Margin <sup>(1)</sup> | Margin <sup>(1)</sup> | 27.9 %                             | 13.6 %    | (18.1)%  |

<sup>(1)</sup> See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures" for a reconciliation of net income (loss) to Hotel EBITDA by property.

#### Sofitel Chicago Magnificent Mile, Chicago, Illinois

On February 24, 2014, we acquired a fee simple interest in the Sofitel Chicago Magnificent Mile. The hotel opened in 2002 and is comprised of 415 guest rooms, including 63 suites. Approximately \$19.9 million \$20.5 million has been spent on capital expenditures at the hotel since the acquisition of the hotel in 2014. The fitness center and lobby bar were extensively renovated in the first quarter of 2017. A comprehensive guest room and corridor renovation began in the fourth quarter of 2017 and was completed in the second quarter of 2018. A refresh of the lobby space was completed in February 2023.

The 32-story building was designed by French architect Jean-Paul Viguier and has views of Lake Michigan and the Chicago skyline. It is located in the heart of the Gold Coast neighborhood, proximate to some of Chicago's largest leisure demand generators, on the corner of Chestnut Street and Wabash Avenue.

Additional property highlights include:

- **Meeting Space:** Approximately 10,000 square feet of meeting space.
- **Food and Beverage:** The Sofitel Chicago Magnificent Mile includes (i) CDA, an 82 seat French inspired casual restaurant; (ii) Le Bar, a 45 seat modern cocktail lounge; (iii) La Tarrasse, a 40-seat outdoor patio and lounge serving the cuisine of CDA; and (iv) Cigale, a restaurant space featuring an exhibition kitchen and frontage on Wabash Avenue overlooking Connors Park (currently utilized only for event space).
- **Other Amenities:** The hotel has a fitness center, a business center and valet parking.

**Location and Access.** The hotel is located one block west of Chicago's Magnificent Mile on a 0.6 acre parcel in an area of Chicago known as the Gold Coast. The hotel has easy access to the Chicago "L" train and is located approximately 18 miles from O'Hare International Airport and 13 miles from Midway International Airport.

**Operating History.** The following table shows certain historical information regarding the Sofitel Chicago Magnificent Mile since 2020: 2021:

|           |           | Year Ended December 31, |   |           |   |           |   |
|-----------|-----------|-------------------------|---|-----------|---|-----------|---|
|           |           | 2022                    |   | 2021      |   | 2020      |   |
|           |           | Year Ended December 31, |   |           |   |           |   |
|           |           | Year Ended December 31, |   |           |   |           |   |
|           |           | Year Ended December 31, |   |           |   |           |   |
|           |           | 2023                    |   |           |   |           |   |
|           |           | 2023                    |   |           |   |           |   |
|           |           | 2023                    |   |           |   |           |   |
| Rooms     |           |                         |   |           |   |           |   |
| Rooms     |           |                         |   |           |   |           |   |
| Rooms     | Rooms     | 415                     |   | 415       |   | 415       |   |
| Occupancy | Occupancy | 65.4                    | % | 46.9      | % | 27.9      | % |
| Occupancy |           |                         |   |           |   |           |   |
| Occupancy |           |                         |   |           |   |           |   |
| ADR       |           |                         |   |           |   |           |   |
| ADR       |           |                         |   |           |   |           |   |
| ADR       | ADR       | \$ 250.78               |   | \$ 202.88 |   | \$ 141.25 |   |
| RevPAR    | RevPAR    | \$ 163.92               |   | \$ 95.21  |   | \$ 39.36  |   |
| RevPAR    |           |                         |   |           |   |           |   |
| RevPAR    |           |                         |   |           |   |           |   |

**Selected Financial Information.** The following table shows certain selected financial information regarding the Sofitel Chicago Magnificent Mile since 2020: 2021 (dollars in thousands):

|                                    |                                    | Year Ended December 31, |          |         |
|------------------------------------|------------------------------------|-------------------------|----------|---------|
|                                    |                                    | 2022                    | 2021     | 2020    |
|                                    |                                    | Year Ended December 31, |          |         |
|                                    |                                    | 2023                    | 2023     | 2022    |
|                                    |                                    | 2023                    | 2022     | 2021    |
| Total                              | Total                              |                         |          |         |
| Revenue                            | Revenue                            | \$33,635                | \$18,993 | \$7,882 |
| Rooms                              | Rooms                              |                         |          |         |
| Revenue                            | Revenue                            | 24,829                  | 14,422   | 5,979   |
| Hotel net income                   | Hotel net income                   | 2,226                   | (10,181) | (2,247) |
| Hotel net income margin            | Hotel net income margin            | 6.6 %                   | (53.6)%  | (28.5)% |
| Hotel EBITDA <sup>(1)</sup>        | Hotel EBITDA <sup>(1)</sup>        | 8,288                   | (3,560)  | (5,388) |
| Hotel EBITDA Margin <sup>(1)</sup> | Hotel EBITDA Margin <sup>(1)</sup> | 24.6 %                  | (18.7)%  | (68.4)% |

<sup>(1)</sup> See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures" for a reconciliation of net income (loss) to Hotel EBITDA by property.

#### Pier House Resort & Spa, Key West, Florida

On March 1, 2014, we acquired a fee simple interest in the Pier House Resort & Spa from Ashford Trust pursuant to an option agreement that we entered into in connection with our spin-off from Ashford Trust. The hotel opened in 1968 and is comprised of 142 guest rooms, including 76 king rooms, 43 queen/queen rooms and 23 suites. Approximately \$16.6 million \$17.2 million has been spent on capital expenditures since the acquisition of the hotel, in May 2013, which included spa, fitness center and guest rooms refresh renovations.

The hotel is located on a six-acre parcel in Key West, Florida. In addition to its secluded private beach, the hotel is well-situated at the north end of Duval Street providing easy access to the heart of Key West and its many demand generators.

Additional property highlights include:

- *Meeting Space:* Approximately 2,600 square feet of conference space and 2,000 square feet of wedding space overlooking the Gulf of Mexico.
- *Food and Beverage:* The Pier House Resort & Spa provides an al fresco beach bar, the 152-seat One Duval Restaurant as well as the 18-seat Chart Room.
- *Other Amenities:* The hotel has a full-service spa, a private beach, a heated outdoor pool and a private dock for charter pick-ups.

*Location and Access.* The hotel is located on a six-acre compound in the historic district of Key West, Florida, on Duval Street, at the Gulf of Mexico. Key West, which is the southernmost point of the Florida peninsula, is 160 miles south of Miami. Key West International Airport is approximately four miles from the property. The Marathon and Miami airports are all within driving distance.

*Operating History.* The following table shows certain historical information regarding the Pier House Resort & Spa since 2020; 2021;

|           |           | Year Ended December 31, |        |        |        |        |        |
|-----------|-----------|-------------------------|--------|--------|--------|--------|--------|
|           |           | 2022                    |        | 2021   |        | 2020   |        |
|           |           | Year Ended December 31, |        |        |        |        |        |
|           |           | Year Ended December 31, |        |        |        |        |        |
|           |           | Year Ended December 31, |        |        |        |        |        |
|           |           | 2023                    |        |        |        |        |        |
| Rooms     |           |                         |        |        |        |        |        |
| Rooms     |           |                         |        |        |        |        |        |
| Rooms     | Rooms     | 142                     |        | 142    |        | 142    |        |
| Occupancy | Occupancy | 74.8 %                  |        | 81.8 % |        | 55.4 % |        |
| Occupancy |           |                         |        |        |        |        |        |
| Occupancy |           |                         |        |        |        |        |        |
| ADR       |           |                         |        |        |        |        |        |
| ADR       |           |                         |        |        |        |        |        |
| ADR       | ADR       | \$                      | 707.12 | \$     | 591.40 | \$     | 425.89 |
| RevPAR    | RevPAR    | \$                      | 529.03 | \$     | 483.93 | \$     | 235.99 |
| RevPAR    |           |                         |        |        |        |        |        |
| RevPAR    |           |                         |        |        |        |        |        |

*Selected Financial Information.* The following table shows certain selected financial information regarding the Pier House Resort & Spa since 2020; 2021 (dollars in thousands):

|                       |                       | Year Ended December 31, |           |           |                                    |        |        |
|-----------------------|-----------------------|-------------------------|-----------|-----------|------------------------------------|--------|--------|
|                       |                       | 2022                    | 2021      | 2020      |                                    |        |        |
|                       |                       | Year Ended December 31, |           |           | Year Ended December 31,            |        |        |
|                       |                       | 2023                    |           |           | 2023                               | 2022   | 2021   |
| Total                 | Total                 |                         |           |           |                                    |        |        |
| Revenue               | Revenue               | \$ 34,104               | \$ 31,408 | \$ 15,753 |                                    |        |        |
| Rooms                 | Rooms                 |                         |           |           |                                    |        |        |
| Revenue               | Revenue               | 27,419                  | 25,082    | 12,265    |                                    |        |        |
| Hotel net             | Hotel net             |                         |           |           |                                    |        |        |
| income                | income                | 12,377                  | 13,411    | 766       |                                    |        |        |
| Hotel net             | Hotel net             |                         |           |           | Hotel net income margin            |        |        |
| income                | income                |                         |           |           |                                    |        |        |
| margin                | margin                | 36.3 %                  | 42.7 %    | 4.9 %     | 22.2 %                             | 36.3 % | 42.7 % |
| Hotel                 | Hotel                 |                         |           |           |                                    |        |        |
| EBITDA <sup>(1)</sup> | EBITDA <sup>(1)</sup> | 18,115                  | 18,039    | 6,707     |                                    |        |        |
| Hotel                 | Hotel                 |                         |           |           | Hotel EBITDA Margin <sup>(1)</sup> |        |        |
| EBITDA                | EBITDA                |                         |           |           |                                    |        |        |
| Margin <sup>(1)</sup> | Margin <sup>(1)</sup> | 53.1 %                  | 57.4 %    | 42.6 %    | 49.0 %                             | 53.1 % | 57.4 % |

<sup>(1)</sup> See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures" for a reconciliation of net income (loss) to Hotel EBITDA by property.

**Bardessono Hotel and Spa, Yountville, California**

On July 9, 2015, we acquired a 100% leasehold interest in the Bardessono Hotel and Spa in Yountville, California, which is subject to a ground lease that initially expires in 2065, with two 25-year extension options. The Bardessono Hotel and Spa was built in 2009 and has 65 luxurious rooms and suites. Built and operated with a primary focus on green practices and is LEED Platinum certified. In 2016 the meeting space was renovated. In 2019 we completed construction of a 3,705 square foot Maple Grove Villa, which consists of three large suites, each of which boasts a distinctive great room, stately king bedroom, spa bathroom, courtyard and plunge pool. Approximately \$8.8 million \$9.2 million has been spent on capital expenditures since the acquisition of the hotel in July 2015.

The hotel is located in Yountville, California and enjoys a central location in the heart of Napa Valley. It offers exceptional amenities, including large, well-appointed guest rooms and suites with private patios/balconies. Guest rooms have fireplaces and oversized bathrooms, many featuring steam showers and a second shower located outdoors in a private garden.

- Additional property highlights include:
- *Meeting Space:* Approximately 2,100 3,500 square feet of indoor and outdoor meeting space.
  - *Food and Beverage:* The Bardessono Hotel and Spa offers the acclaimed 84-seat Lucy restaurant and bar.
  - *Other Amenities:* The hotel offers an on-site spa and a fitness center. Outdoor amenities include a rooftop pool and a vegetable garden. Complimentary bicycles and five Lexus vehicles are available for guest use.

*Location and Access.* The hotel is approximately 60 miles north of San Francisco, approximately 68 miles from the San Francisco International Airport and approximately 60 miles from the Oakland International Airport. The hotel is located within the town of Yountville, offering numerous retail and restaurant establishments including the famed French Laundry. Yountville is in the heart of the Napa Valley, a premier wine and culinary destination with over 450 wineries. In addition to the valley's traditional wine and dining attractions, the region is also known as a popular leisure destination for hiking, biking, golfing, shopping and festivals.

*Operating History.* The following table shows certain historical information regarding the Bardessono Hotel and Spa since 2020; 2021;

|           |           | Year Ended December 31, |          |                         |          |        |        |
|-----------|-----------|-------------------------|----------|-------------------------|----------|--------|--------|
|           |           | 2022                    |          | 2021                    |          | 2020   |        |
|           |           |                         |          | Year Ended December 31, |          |        |        |
|           |           |                         |          | Year Ended December 31, |          |        |        |
|           |           |                         |          | Year Ended December 31, |          |        |        |
|           |           | 2023                    |          |                         |          |        |        |
|           |           | 2023                    |          |                         |          |        |        |
|           |           | 2023                    |          |                         |          |        |        |
| Rooms     |           |                         |          |                         |          |        |        |
| Rooms     |           |                         |          |                         |          |        |        |
| Rooms     | Rooms     | 65                      |          | 65                      |          | 65     |        |
| Occupancy | Occupancy | 64.0 %                  |          | 67.9 %                  |          | 40.3 % |        |
| Occupancy |           |                         |          |                         |          |        |        |
| Occupancy |           |                         |          |                         |          |        |        |
| ADR       |           |                         |          |                         |          |        |        |
| ADR       |           |                         |          |                         |          |        |        |
| ADR       | ADR       | \$                      | 1,257.56 | \$                      | 1,141.39 | \$     | 778.43 |
| RevPAR    | RevPAR    | \$                      | 804.31   | \$                      | 775.18   | \$     | 313.89 |
| RevPAR    |           |                         |          |                         |          |        |        |
| RevPAR    |           |                         |          |                         |          |        |        |

*Selected Financial Information.* The following table shows certain selected financial information regarding the Bardessono Hotel and Spa since 2020 2021 (dollars in thousands):

|               |               | Year Ended December 31, |           |          |
|---------------|---------------|-------------------------|-----------|----------|
|               |               | 2022                    | 2021      | 2020     |
|               |               |                         |           |          |
|               |               |                         |           |          |
|               |               |                         |           |          |
|               |               |                         |           |          |
|               |               |                         |           |          |
|               |               |                         |           |          |
|               |               |                         |           |          |
|               |               |                         |           |          |
|               |               |                         |           |          |
| Total Revenue |               |                         |           |          |
| Total Revenue |               |                         |           |          |
| Total Revenue | Total Revenue | \$ 25,259               | \$ 23,329 | \$ 9,921 |



|                                    |                                    |        |   |        |   |         |   |
|------------------------------------|------------------------------------|--------|---|--------|---|---------|---|
| Rooms Revenue                      | Rooms Revenue                      | 19,082 |   | 18,391 |   | 7,467   |   |
| Rooms Revenue                      |                                    |        |   |        |   |         |   |
| Rooms Revenue                      |                                    |        |   |        |   |         |   |
| Hotel net income                   |                                    |        |   |        |   |         |   |
| Hotel net income                   |                                    |        |   |        |   |         |   |
| Hotel net income                   | Hotel net income                   | 4,488  |   | 5,053  |   | (4,360) |   |
| Hotel net income margin            | Hotel net income margin            | 17.8   | % | 21.7   | % | (43.9)  | % |
| Hotel net income margin            |                                    |        |   |        |   |         |   |
| Hotel net income margin            |                                    |        |   |        |   |         |   |
| Hotel EBITDA <sup>(1)</sup>        |                                    |        |   |        |   |         |   |
| Hotel EBITDA <sup>(1)</sup>        |                                    |        |   |        |   |         |   |
| Hotel EBITDA <sup>(1)</sup>        | Hotel EBITDA <sup>(1)</sup>        | 9,127  |   | 9,208  |   | 1,018   |   |
| Hotel EBITDA Margin <sup>(1)</sup> | Hotel EBITDA Margin <sup>(1)</sup> | 36.1   | % | 39.5   | % | 10.3    | % |
| Hotel EBITDA Margin <sup>(1)</sup> |                                    |        |   |        |   |         |   |
| Hotel EBITDA Margin <sup>(1)</sup> |                                    |        |   |        |   |         |   |

<sup>(1)</sup> See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures" for a reconciliation of net income (loss) to Hotel EBITDA by property.

#### ***The Ritz-Carlton, St. Thomas, U.S. Virgin Islands***

On December 15, 2015, we acquired a 100% interest in The Ritz-Carlton St. Thomas on the island of St. Thomas, U.S. Virgin Islands. The Ritz-Carlton St. Thomas opened in 1996 and has 155 luxurious guest rooms and 25 suites, all featuring a spacious private balcony with ocean or resort views. Approximately **\$115.4 million** **\$118.8 million** has been spent on capital expenditures since the acquisition of the hotel in December 2015. Capital investment was primarily focused on remediation and reconstruction effort due to damage sustained after Hurricane Irma. The hotel operated as a 59-room Marriott-affiliated non-branded hotel for the majority of 2019 and re-opened as a full service Ritz-Carlton resort in late November 2019.

Additional property highlights include:

- **Meeting Space:** The property has more than 10,000 square feet of indoor and outdoor meeting and function space offering stunning views of Great Bay and neighboring St. John.
- **Food and Beverage:** The property features (i) the 163 seat Bleuwater Restaurant; (ii) Alloro, a 100-seat Italian restaurant; (iii) Sails, a 155-seat beachside restaurant and bar; and (iv) Coconut Cove, a second beachside 118-seat restaurant, on the grounds of the adjacent Ritz-Carlton Destination Club. A new fresh service market, Southwind, opened in 2020, serving coffee, sandwiches, ice cream and other light fare.
- **Other Amenities:** The resort offers a beachfront infinity-edge pool, as well as a children's pool and hot tub, a 7,500 square foot full-service award-winning spa and a 2,000 square foot fitness center. The resort also offers the Ritz Kids Club.

**Location and Access.** The hotel is located on 30 oceanfront acres along Great Bay, St. Thomas, U.S. Virgin Islands. It is 1.6 miles from Urman Victor Fredericks Marine Terminal in Red Hook and 11 miles from Cyril E. King Airport.

**Operating History.** The following table shows certain historical information regarding The Ritz-Carlton St. Thomas since **2020**; **2021**:

|           |           | Year Ended December 31, |          |      |          |      |        |
|-----------|-----------|-------------------------|----------|------|----------|------|--------|
|           |           | 2022                    |          | 2021 |          | 2020 |        |
|           |           | Year Ended December 31, |          |      |          |      |        |
|           |           | Year Ended December 31, |          |      |          |      |        |
|           |           | Year Ended December 31, |          |      |          |      |        |
|           |           | 2023                    |          |      |          |      |        |
|           |           | 2023                    |          |      |          |      |        |
|           |           | 2023                    |          |      |          |      |        |
| Rooms     |           |                         |          |      |          |      |        |
| Rooms     |           |                         |          |      |          |      |        |
| Rooms     | Rooms     | 180                     |          | 180  |          | 180  |        |
| Occupancy | Occupancy | 73.8                    | %        | 79.5 | %        | 38.9 | %      |
| Occupancy |           |                         |          |      |          |      |        |
| Occupancy |           |                         |          |      |          |      |        |
| ADR       |           |                         |          |      |          |      |        |
| ADR       |           |                         |          |      |          |      |        |
| ADR       | ADR       | \$                      | 1,204.88 | \$   | 1,049.29 | \$   | 665.20 |

|        |        |    |        |    |        |    |        |
|--------|--------|----|--------|----|--------|----|--------|
| RevPAR | RevPAR | \$ | 889.30 | \$ | 834.39 | \$ | 258.43 |
| RevPAR |        |    |        |    |        |    |        |
| RevPAR |        |    |        |    |        |    |        |

*Selected Financial Information.* The following table shows certain selected financial information regarding The Ritz-Carlton St. Thomas since ~~2020~~ 2021 (dollars in thousands):

|                                    |                                    | Year Ended December 31, |        |      |        |      |        |
|------------------------------------|------------------------------------|-------------------------|--------|------|--------|------|--------|
|                                    |                                    | 2022                    |        | 2021 |        | 2020 |        |
|                                    |                                    | Year Ended December 31, |        |      |        |      |        |
|                                    |                                    | Year Ended December 31, |        |      |        |      |        |
|                                    |                                    | Year Ended December 31, |        |      |        |      |        |
|                                    |                                    | 2023                    |        |      |        |      |        |
|                                    |                                    | 2023                    |        |      |        |      |        |
|                                    |                                    | 2023                    |        |      |        |      |        |
|                                    |                                    |                         |        |      |        |      |        |
| Total Revenue                      | Total Revenue                      | \$                      | 87,654 | \$   | 80,321 | \$   | 31,595 |
| Total Revenue                      | Total Revenue                      |                         | 58,426 |      | 54,819 |      | 16,771 |
| Rooms Revenue                      | Rooms Revenue                      |                         |        |      |        |      |        |
| Rooms Revenue                      | Rooms Revenue                      |                         |        |      |        |      |        |
| Hotel net income                   | Hotel net income                   |                         | 18,920 |      | 17,453 |      | 4,844  |
| Hotel net income                   | Hotel net income                   |                         |        |      |        |      |        |
| Hotel net income margin            | Hotel net income margin            |                         | 21.6 % |      | 21.7 % |      | 15.3 % |
| Hotel net income margin            | Hotel net income margin            |                         |        |      |        |      |        |
| Hotel EBITDA <sup>(1)</sup>        | Hotel EBITDA <sup>(1)</sup>        |                         |        |      |        |      |        |
| Hotel EBITDA <sup>(1)</sup>        | Hotel EBITDA <sup>(1)</sup>        |                         |        |      |        |      |        |
| Hotel EBITDA <sup>(1)</sup>        | Hotel EBITDA <sup>(1)</sup>        |                         | 30,137 |      | 27,550 |      | 4,624  |
| Hotel EBITDA Margin <sup>(1)</sup> | Hotel EBITDA Margin <sup>(1)</sup> |                         | 34.4 % |      | 34.3 % |      | 14.6 % |
| Hotel EBITDA Margin <sup>(1)</sup> | Hotel EBITDA Margin <sup>(1)</sup> |                         |        |      |        |      |        |
| Hotel EBITDA Margin <sup>(1)</sup> | Hotel EBITDA Margin <sup>(1)</sup> |                         |        |      |        |      |        |

<sup>(1)</sup> See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures" for a reconciliation of net income (loss) to Hotel EBITDA by property.

#### ***The Park Hyatt Beaver Creek Resort & Spa, Beaver Creek, Colorado***

On March 31, 2017, we acquired a 100% interest in the 190-room Park Hyatt Beaver Creek Resort & Spa in Beaver Creek, Colorado. **In December 2022, we acquired three additional keys that were added to inventory in February 2023, bringing the total hotel room count to 193.** Located in the heart of Beaver Creek Village, approximately 100 miles west of Denver, it is located in one of the most exclusive resort destinations in North America. The Park Hyatt Beaver Creek Resort & Spa is an integral part of the Beaver Creek Village as the only full-service hotel with direct ski-in/ski-out access. The Park Hyatt Beaver Creek Resort & Spa was built in 1989 and has **190 193** luxurious and spacious rooms, including **81 83** king rooms, **66 67** double/double rooms, 20 double/queen rooms, 22 suites and one suite parlor. The hotel underwent a full lobby renovation in 2019, which included a new lobby bar and the addition of an epicurean market. **The fitness center and meeting space located within the hotel footprint were renovated in 2023.** Approximately **\$16.8 million \$22.6 million** has been spent on capital expenditures since the acquisition of the hotel in March 2017.

Additional property highlights include:

- **Meeting Space:** The property has over 20,000 square feet of flexible indoor and outdoor event space and is home to the largest ballroom in Vail Valley.
- **Food and Beverage:** The property has four food and beverage outlets, including the world-class 8100 Mountainside Bar & Grill, the Brass Bear Bar, the Fall Line epicurean market and Powder 8 Kitchen & Tap, serving the Beaver Creek community and hotel guests during the ski season.
- **Other Amenities:** The resort offers an array of amenities, including the award-winning 30,000 square foot Exhale Spa, a heated outdoor pool and five outdoor hot tubs beneath a mountain waterfall, 24-hour state-of-the-art fitness club, ski valet service, outdoor fire pits, guest access to two private championship golf courses and the Beaver Creek Tennis Center. The property also features over 18,800 square feet of fully leased, highly visible retail space in the heart of Beaver Creek.

**Location and Access.** Located in the heart of Beaver Creek Village, Colorado, the Park Hyatt Beaver Creek Resort & Spa is positioned as the leading resort in one of North America's most renowned luxury resort destinations. Beyond the world-class hotel, guests have easy access to Beaver Creek's famous amenities, including exceptional dining and luxury boutique shopping, the 535-seat Vilar Performing Arts Center where festivals and large events are held and an outdoor ice skating rink. While the Vail Valley is home to some

of the top ski areas in the world and is a well-known winter destination, it has become very popular as a summer destination due to its proximity to diverse leisure activities, including hiking, biking, horseback riding, white water rafting, fishing, golfing and festivals.

*Operating History.* The following table shows certain historical information regarding the Park Hyatt Beaver Creek Resort & Spa since 2020: 2021:

|           |           | Year Ended December 31, |        |        |        |        |        |
|-----------|-----------|-------------------------|--------|--------|--------|--------|--------|
|           |           | 2022                    |        | 2021   |        | 2020   |        |
|           |           | Year Ended December 31, |        |        |        |        |        |
|           |           | Year Ended December 31, |        |        |        |        |        |
|           |           | Year Ended December 31, |        |        |        |        |        |
|           |           | 2023                    |        |        |        |        |        |
|           |           | 2023                    |        |        |        |        |        |
|           |           | 2023                    |        |        |        |        |        |
|           |           | 2023                    |        |        |        |        |        |
| Rooms     |           |                         |        |        |        |        |        |
| Rooms     |           |                         |        |        |        |        |        |
| Rooms     | Rooms     | 190                     |        | 190    |        | 190    |        |
| Occupancy | Occupancy | 60.6 %                  |        | 54.9 % |        | 33.9 % |        |
| Occupancy |           |                         |        |        |        |        |        |
| Occupancy |           |                         |        |        |        |        |        |
| ADR       |           |                         |        |        |        |        |        |
| ADR       |           |                         |        |        |        |        |        |
| ADR       | ADR       | \$                      | 601.05 | \$     | 454.17 | \$     | 544.68 |
| RevPAR    | RevPAR    | \$                      | 364.13 | \$     | 249.50 | \$     | 184.75 |
| RevPAR    |           |                         |        |        |        |        |        |
| RevPAR    |           |                         |        |        |        |        |        |

*Selected Financial Information.* The following table shows certain selected financial information regarding the Park Hyatt Beaver Creek Resort & Spa since 2020: 2021 (dollars in thousands):

thousands).

|                                    |                                    | Year Ended December 31, |        |      |        |      |         |
|------------------------------------|------------------------------------|-------------------------|--------|------|--------|------|---------|
|                                    |                                    | 2022                    |        | 2021 |        | 2020 |         |
|                                    |                                    | Year Ended December 31, |        |      |        |      |         |
|                                    |                                    | Year Ended December 31, |        |      |        |      |         |
|                                    |                                    | Year Ended December 31, |        |      |        |      |         |
|                                    |                                    | 2023                    |        |      |        |      |         |
|                                    |                                    | 2023                    |        |      |        |      |         |
|                                    |                                    | 2023                    |        |      |        |      |         |
|                                    |                                    | 2023                    |        |      |        |      |         |
| Total Revenue                      |                                    |                         |        |      |        |      |         |
| Total Revenue                      |                                    |                         |        |      |        |      |         |
| Total Revenue                      | Total Revenue                      | \$                      | 50,615 | \$   | 36,184 | \$   | 25,554  |
| Rooms Revenue                      | Rooms Revenue                      |                         | 25,253 |      | 17,303 |      | 12,847  |
| Rooms Revenue                      |                                    |                         |        |      |        |      |         |
| Rooms Revenue                      |                                    |                         |        |      |        |      |         |
| Hotel net income                   |                                    |                         |        |      |        |      |         |
| Hotel net income                   |                                    |                         |        |      |        |      |         |
| Hotel net income                   | Hotel net income                   |                         | 5,668  |      | 4,005  |      | (2,204) |
| Hotel net income margin            | Hotel net income margin            |                         | 11.2 % |      | 11.1 % |      | (8.6) % |
| Hotel net income margin            |                                    |                         |        |      |        |      |         |
| Hotel net income margin            |                                    |                         |        |      |        |      |         |
| Hotel EBITDA <sub>(1)</sub>        |                                    |                         |        |      |        |      |         |
| Hotel EBITDA <sub>(1)</sub>        |                                    |                         |        |      |        |      |         |
| Hotel EBITDA <sub>(1)</sub>        | Hotel EBITDA <sub>(1)</sub>        |                         | 13,620 |      | 9,609  |      | 4,977   |
| Hotel EBITDA Margin <sub>(1)</sub> | Hotel EBITDA Margin <sub>(1)</sub> |                         | 26.9 % |      | 26.6 % |      | 19.5 %  |
| Hotel EBITDA Margin <sub>(1)</sub> |                                    |                         |        |      |        |      |         |

## Hotel EBITDA Margin <sup>(1)</sup>

<sup>(1)</sup> See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures" for a reconciliation of net income (loss) to Hotel EBITDA by property.

### Hotel Yountville, Yountville, California

On May 11, 2017, we acquired a 100% interest in the 80-room Hotel Yountville in Yountville, California. The Hotel Yountville was originally built in 1998 and, in 2011, underwent an extensive expansion and renovation that upgraded all guest rooms, adding 29 new guest rooms, and added a restaurant, spa, meeting and event space, an outdoor pool, and lounge patio. Currently, the property has 80 luxury rooms consisting of 62 king rooms, eight double/queen rooms and 10 suites. Approximately \$3.2 million \$5.7 million has been spent on capital expenditures since the acquisition of the hotel in May 2017.

Additional property highlights include:

- **Meeting Space:** The property has approximately 4,400 square feet of indoor and outdoor event space.
- **Food and Beverage:** The property has the acclaimed 46-seat Heritage Oak restaurant and bar, in-room dining service and a complimentary glass of wine tastings upon check-in.
- **Other Amenities:** The property offers well-appointed guest rooms and suites with private patios/balconies and a 6,500 square foot on-site spa. Its outdoor amenities are notable as well, including a resort-style outdoor heated pool and lounge, landscaping and water features, and the availability of complimentary bicycles for guest use.

**Location and Access.** Located in the heart of Yountville, California, the Hotel Yountville is approximately 60 miles north of San Francisco and enjoys a central location in the heart of the Napa Valley, widely acclaimed as the continent's premier wine and culinary destination with over 450 wineries. Known as the "Culinary Capital of the Napa Valley," Yountville boasts an array of restaurants by famed chefs, earning more Michelin stars per capita than any other place in North America. In addition to the valley's traditional wine and dining attractions, the region is also known as a popular leisure destination for hiking, biking, golfing, shopping and festivals.

**Operating History.** The following table shows certain historical information regarding the Hotel Yountville since 2020: 2021:

|           |           | Year Ended December 31, |        |        |    |        |  |    |        |  |  |
|-----------|-----------|-------------------------|--------|--------|----|--------|--|----|--------|--|--|
|           |           | 2022                    |        | 2021   |    | 2020   |  |    |        |  |  |
|           |           | Year Ended December 31, |        |        |    |        |  |    |        |  |  |
|           |           | Year Ended December 31, |        |        |    |        |  |    |        |  |  |
|           |           | Year Ended December 31, |        |        |    |        |  |    |        |  |  |
|           |           | 2023                    |        |        |    |        |  |    |        |  |  |
|           |           | 2023                    |        |        |    |        |  |    |        |  |  |
|           |           | 2023                    |        |        |    |        |  |    |        |  |  |
|           |           | 2023                    |        |        |    |        |  |    |        |  |  |
| Rooms     |           |                         |        |        |    |        |  |    |        |  |  |
| Rooms     |           |                         |        |        |    |        |  |    |        |  |  |
| Rooms     | Rooms     | 80                      |        | 80     |    | 80     |  |    |        |  |  |
| Occupancy | Occupancy | 54.1 %                  |        | 57.9 % |    | 29.5 % |  |    |        |  |  |
| Occupancy |           |                         |        |        |    |        |  |    |        |  |  |
| Occupancy |           |                         |        |        |    |        |  |    |        |  |  |
| ADR       |           |                         |        |        |    |        |  |    |        |  |  |
| ADR       |           |                         |        |        |    |        |  |    |        |  |  |
| ADR       | ADR       | \$                      | 906.82 |        | \$ | 762.15 |  | \$ | 526.17 |  |  |
| RevPAR    | RevPAR    | \$                      | 490.21 |        | \$ | 441.29 |  | \$ | 155.01 |  |  |
| RevPAR    |           |                         |        |        |    |        |  |    |        |  |  |
| RevPAR    |           |                         |        |        |    |        |  |    |        |  |  |

**Selected Financial Information.** The following table shows certain selected financial information regarding the Hotel Yountville since 2020: 2021 (dollars in thousands):

|               |               | Year Ended December 31, |                         |          |
|---------------|---------------|-------------------------|-------------------------|----------|
|               |               | 2022                    | 2021                    | 2020     |
|               |               |                         | Year Ended December 31, |          |
|               |               |                         | Year Ended December 31, |          |
|               |               |                         | Year Ended December 31, |          |
|               |               | 2023                    |                         |          |
|               |               | 2023                    |                         |          |
|               |               | 2023                    |                         |          |
| Total Revenue |               |                         |                         |          |
| Total Revenue |               |                         |                         |          |
| Total Revenue | Total Revenue | \$ 17,194               | \$ 15,175               | \$ 5,751 |

|                                    |                                    |        |   |        |   |         |   |
|------------------------------------|------------------------------------|--------|---|--------|---|---------|---|
| Rooms Revenue                      | Rooms Revenue                      | 14,314 |   | 12,886 |   | 4,539   |   |
| Rooms Revenue                      |                                    |        |   |        |   |         |   |
| Rooms Revenue                      |                                    |        |   |        |   |         |   |
| Hotel net income                   |                                    |        |   |        |   |         |   |
| Hotel net income                   |                                    |        |   |        |   |         |   |
| Hotel net income                   | Hotel net income                   | 2,547  |   | 2,310  |   | (4,772) |   |
| Hotel net income margin            | Hotel net income margin            | 14.8   | % | 15.2   | % | (83.0)  | % |
| Hotel net income margin            |                                    |        |   |        |   |         |   |
| Hotel net income margin            |                                    |        |   |        |   |         |   |
| Hotel EBITDA <sup>(1)</sup>        |                                    |        |   |        |   |         |   |
| Hotel EBITDA <sup>(1)</sup>        |                                    |        |   |        |   |         |   |
| Hotel EBITDA <sup>(1)</sup>        | Hotel EBITDA <sup>(1)</sup>        | 6,958  |   | 6,433  |   | (86)    |   |
| Hotel EBITDA Margin <sup>(1)</sup> | Hotel EBITDA Margin <sup>(1)</sup> | 40.5   | % | 42.4   | % | (1.5)   | % |
| Hotel EBITDA Margin <sup>(1)</sup> |                                    |        |   |        |   |         |   |
| Hotel EBITDA Margin <sup>(1)</sup> |                                    |        |   |        |   |         |   |

<sup>(1)</sup> See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures" for a reconciliation of net income (loss) to Hotel EBITDA by property.

#### ***The Ritz-Carlton, Sarasota, Florida***

On April 4, 2018, we acquired a 100% interest in The Ritz-Carlton Sarasota in Sarasota, Florida for \$171.4 million and a 22-acre plot of vacant land for \$9.7 million. Approximately **\$17.2 million** **\$29.4 million** has been spent on capital expenditures since the acquisition of the hotel in April 2018.

The Ritz-Carlton Sarasota was built in 2001 and has 276 luxurious and spacious rooms, including 31 suites. The resort also offers an array of amenities, including a 26,000 square foot Beach Club with 410 feet of beachfront, a private, luxury Tom Fazio designed Golf Club, **the award-winning** a 15,000 square foot Ritz-Carlton Spa **that was renovated in 2023**, eight food and beverage outlets, including the acclaimed Jack Dusty waterfront restaurant, 29,000 square feet of flexible indoor meeting space, two outdoor pools, 24-hour state-of-the-art fitness club and lighted tennis courts.

Additional property highlights include:

- **Meeting Space:** The property has a 26,000-square-foot conference center, outdoor venues for up to 1,200 guests as well as venues overlooking the Gulf of Mexico.
- **Food and Beverage:** The property features four different restaurants, including the nautically inspired Jack Dusty and Ridley's Porch, the relaxed beachfront Lido key Tiki Bar, as well as the Golf Club Grille overlooking the entire golf course.
- **Other Amenities:** The property offers 276 guest rooms with private balconies, a serene private beach club on Lido Key, 18 holes of championship golf and a luxurious spa.

**Location and Access.** Located on Sarasota Bay in downtown Sarasota, the property, with its premier location, luxury-brand affiliation and world-class amenities, is positioned as the leading resort in one of country's fastest growing markets. Sarasota, located approximately 60 miles south of Tampa, is a popular and growing upscale, year-round destination on the west coast of Florida. Beyond the first-class hotel experience, guests have easy access to the Sarasota area's many amenities and activities, including exceptional dining and shops, art galleries, beaches, museums, boating, fishing, and golfing.

**Operating History.** The following table shows certain historical information regarding The Ritz-Carlton Sarasota since **2020: 2021:**

|           |           | Year Ended December 31, |   |      |   |      |   |
|-----------|-----------|-------------------------|---|------|---|------|---|
|           |           | 2022                    |   | 2021 |   | 2020 |   |
|           |           | Year Ended December 31, |   |      |   |      |   |
|           |           | Year Ended December 31, |   |      |   |      |   |
|           |           | Year Ended December 31, |   |      |   |      |   |
|           |           | 2023                    |   |      |   |      |   |
|           |           | 2023                    |   |      |   |      |   |
|           |           | 2023                    |   |      |   |      |   |
| Rooms     |           |                         |   |      |   |      |   |
| Rooms     |           |                         |   |      |   |      |   |
| Rooms     | Rooms     | 276                     |   | 276  |   | 266  |   |
| Occupancy | Occupancy | 74.5                    | % | 77.0 | % | 54.0 | % |
| Occupancy |           |                         |   |      |   |      |   |
| Occupancy |           |                         |   |      |   |      |   |
| ADR       |           |                         |   |      |   |      |   |
| ADR       |           |                         |   |      |   |      |   |

|        |        |    |        |    |        |    |        |
|--------|--------|----|--------|----|--------|----|--------|
| ADR    | ADR    | \$ | 617.66 | \$ | 545.68 | \$ | 410.53 |
| RevPAR | RevPAR | \$ | 459.97 | \$ | 420.14 | \$ | 221.49 |
| RevPAR |        |    |        |    |        |    |        |
| RevPAR |        |    |        |    |        |    |        |

*Selected Financial Information.* The following table shows certain selected financial information regarding The Ritz-Carlton Sarasota since 2020 2021 (dollars in thousands):

|                                    |                                    | Year Ended December 31, |        |      |        |      |         |
|------------------------------------|------------------------------------|-------------------------|--------|------|--------|------|---------|
|                                    |                                    | 2022                    |        | 2021 |        | 2020 |         |
|                                    |                                    | Year Ended December 31, |        |      |        |      |         |
|                                    |                                    | Year Ended December 31, |        |      |        |      |         |
|                                    |                                    | Year Ended December 31, |        |      |        |      |         |
|                                    |                                    | 2023                    |        |      |        |      |         |
|                                    |                                    | 2023                    |        |      |        |      |         |
|                                    |                                    | 2023                    |        |      |        |      |         |
| Total Revenue                      |                                    |                         |        |      |        |      |         |
| Total Revenue                      |                                    |                         |        |      |        |      |         |
| Total Revenue                      | Total Revenue                      | \$                      | 98,364 | \$   | 82,808 | \$   | 49,531  |
| Rooms Revenue                      | Rooms Revenue                      |                         | 46,210 |      | 40,892 |      | 21,564  |
| Rooms Revenue                      |                                    |                         |        |      |        |      |         |
| Rooms Revenue                      |                                    |                         |        |      |        |      |         |
| Hotel net income                   |                                    |                         |        |      |        |      |         |
| Hotel net income                   |                                    |                         |        |      |        |      |         |
| Hotel net income                   | Hotel net income                   |                         | 17,641 |      | 15,342 |      | (294)   |
| Hotel net income margin            | Hotel net income margin            |                         | 17.9 % |      | 18.5 % |      | (0.6) % |
| Hotel net income margin            |                                    |                         |        |      |        |      |         |
| Hotel net income margin            |                                    |                         |        |      |        |      |         |
| Hotel EBITDA <sup>(1)</sup>        |                                    |                         |        |      |        |      |         |
| Hotel EBITDA <sup>(1)</sup>        |                                    |                         |        |      |        |      |         |
| Hotel EBITDA <sup>(1)</sup>        | Hotel EBITDA <sup>(1)</sup>        |                         | 25,663 |      | 25,663 |      | 11,502  |
| Hotel EBITDA Margin <sup>(1)</sup> | Hotel EBITDA Margin <sup>(1)</sup> |                         | 26.1 % |      | 31.0 % |      | 23.2 %  |
| Hotel EBITDA Margin <sup>(1)</sup> |                                    |                         |        |      |        |      |         |
| Hotel EBITDA Margin <sup>(1)</sup> |                                    |                         |        |      |        |      |         |

<sup>(1)</sup> See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures" for a reconciliation of net income (loss) to Hotel EBITDA by property.

#### ***The Ritz-Carlton, Lake Tahoe, California***

On January 15, 2019, we acquired a 100% interest in the 170-room Ritz-Carlton Lake Tahoe located in Truckee, California for \$120.0 million. Approximately \$7.9 million \$32.8 million has been spent on capital expenditures since the acquisition of the hotel in January 2019. In 2023, the guestrooms were completely renovated and the Alpine Exchange, a new retail shop and market, was added to the lobby as a new amenity.

The Ritz-Carlton Lake Tahoe was built in 2009 and has 170 luxurious and spacious rooms, including 17 suites. The resort also offers an array of amenities, including ski-in/ski-out access to Northstar Ski Mountain, the ultra-luxury Lake Club on the shore of Lake Tahoe, a 17,000 square foot full-service spa, six food and beverage outlets, including the acclaimed Manzanita restaurant, over 37,000 square feet of flexible indoor/outdoor meeting space, two outdoor pools, state-of-the-art fitness club and yoga studio, and the Ritz Kids Club.

Additional property highlights include:

- **Meeting Space:** The property has over 37,000 square feet of meeting space including 15,000 square feet of outdoor event space with the dramatic fireside terrace, two elegant ballrooms and the waterfront Lake Club, a multi-level venue for intimate events.
- **Food and Beverage:** The property features six food and beverage outlets, including the extraordinary North Lake Tahoe dining in Manzanita, featuring artfully crafted cuisine and Backyard Bar and BBQ, featuring St. Louis style BBQ favorites.
- **Other Amenities:** The property offers 170 luxurious guest rooms and suites with in-room gas fireplaces and floor-to-ceiling windows, a 17,000 square foot slope-side spa with treatments themed around nature, and the Ritz Kids children's program. program and the Alpine Exchange retail shop.

**Location and Access.** Located in the North Lake Tahoe area, the property is situated mid-mountain at the Northstar Ski Area. With its premier location, luxury brand affiliation and world-class amenities, The Ritz-Carlton Lake Tahoe is positioned as the leading resort in one of the country's most popular tourist destinations. North Lake Tahoe, located approximately 45 minutes from Reno, Nevada and two hours from Sacramento, is a popular and growing upscale, year-round tourist destination. Beyond the first-class hotel experience, guests have easy access to the Lake Tahoe area's many amenities and activities, including world-class skiing and winter sports, boating, fishing, hiking, golfing, as well as exceptional dining and shops.

**Operating History.** The following table shows certain historical information regarding The Ritz-Carlton Lake Tahoe since ~~2020~~ 2021:

|           |           | Year Ended December 31, |        |        |        |        |        |
|-----------|-----------|-------------------------|--------|--------|--------|--------|--------|
|           |           | 2022                    |        | 2021   |        | 2020   |        |
|           |           | Year Ended December 31, |        |        |        |        |        |
|           |           | Year Ended December 31, |        |        |        |        |        |
|           |           | Year Ended December 31, |        |        |        |        |        |
|           |           | 2023                    |        |        |        |        |        |
|           |           | 2023                    |        |        |        |        |        |
|           |           | 2023                    |        |        |        |        |        |
| Rooms     |           |                         |        |        |        |        |        |
| Rooms     |           |                         |        |        |        |        |        |
| Rooms     | Rooms     | 170                     |        | 170    |        | 170    |        |
| Occupancy | Occupancy | 57.6 %                  |        | 55.0 % |        | 43.7 % |        |
| Occupancy |           |                         |        |        |        |        |        |
| Occupancy |           |                         |        |        |        |        |        |
| ADR       |           |                         |        |        |        |        |        |
| ADR       |           |                         |        |        |        |        |        |
| ADR       | ADR       | \$                      | 736.50 | \$     | 642.81 | \$     | 553.44 |
| RevPAR    | RevPAR    | \$                      | 424.40 | \$     | 353.56 | \$     | 241.72 |
| RevPAR    |           |                         |        |        |        |        |        |
| RevPAR    |           |                         |        |        |        |        |        |

The above information does not include the operations of the voluntary rental program with respect to condominium units not owned by the Company.

**Selected Financial Information.** The following table shows certain selected financial information regarding The Ritz-Carlton Lake Tahoe since ~~2020~~ 2021 (dollars in thousands):

|                              |                              | Year Ended December 31, |        |  |      |        |  |      |          |  |
|------------------------------|------------------------------|-------------------------|--------|--|------|--------|--|------|----------|--|
|                              |                              | 2022                    |        |  | 2021 |        |  | 2020 |          |  |
|                              |                              | Year Ended December 31, |        |  |      |        |  |      |          |  |
|                              |                              | Year Ended December 31, |        |  |      |        |  |      |          |  |
|                              |                              | Year Ended December 31, |        |  |      |        |  |      |          |  |
|                              |                              | 2023                    |        |  |      |        |  |      |          |  |
|                              |                              | 2023                    |        |  |      |        |  |      |          |  |
|                              |                              | 2023                    |        |  |      |        |  |      |          |  |
| Total Revenue                |                              |                         |        |  |      |        |  |      |          |  |
| Total Revenue                |                              |                         |        |  |      |        |  |      |          |  |
| Total Revenue                | Total Revenue                | \$                      | 52,561 |  | \$   | 43,133 |  | \$   | 27,237   |  |
| Rooms Revenue <sup>(1)</sup> | Rooms Revenue <sup>(1)</sup> |                         | 26,334 |  |      | 21,938 |  |      | 15,040   |  |
| Rooms Revenue <sup>(1)</sup> |                              |                         |        |  |      |        |  |      |          |  |
| Rooms Revenue <sup>(1)</sup> |                              |                         |        |  |      |        |  |      |          |  |
| Hotel net income             |                              |                         |        |  |      |        |  |      |          |  |
| Hotel net income             |                              |                         |        |  |      |        |  |      |          |  |
| Hotel net income             | Hotel net income             |                         | 5,020  |  |      | 2,793  |  |      | (3,913)  |  |
| Hotel net income margin      | Hotel net income margin      |                         | 9.6 %  |  |      | 6.5 %  |  |      | (14.4) % |  |
| Hotel net income margin      |                              |                         |        |  |      |        |  |      |          |  |
| Hotel net income margin      |                              |                         |        |  |      |        |  |      |          |  |
| Hotel EBITDA <sup>(2)</sup>  |                              |                         |        |  |      |        |  |      |          |  |
| Hotel EBITDA <sup>(2)</sup>  |                              |                         |        |  |      |        |  |      |          |  |

|                                    |                             |        |   |       |   |       |   |
|------------------------------------|-----------------------------|--------|---|-------|---|-------|---|
| Hotel EBITDA <sup>(2)</sup>        | Hotel EBITDA <sup>(2)</sup> | 11,383 |   | 7,835 |   | 1,867 |   |
| Hotel EBITDA                       | Hotel EBITDA                |        |   |       |   |       |   |
| Margin <sup>(2)</sup>              | Margin <sup>(2)</sup>       | 21.7   | % | 18.2  | % | 6.9   | % |
| Hotel EBITDA Margin <sup>(2)</sup> |                             |        |   |       |   |       |   |
| Hotel EBITDA Margin <sup>(2)</sup> |                             |        |   |       |   |       |   |

<sup>(1)</sup> Rooms revenue does not include the operations of the voluntary rental program with respect to condominium units not owned by the Company.

<sup>(2)</sup> See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures" for a reconciliation of net income (loss) to Hotel EBITDA by property.

#### Mr. C Cameo Beverly Hills, Hotel, Beverly Hills, California

On August 5, 2021, the Company acquired a 100% interest in the 138-room Cameo Beverly Hills (formerly known as the Mr. C Beverly Hills Hotel) and five luxury residences adjacent to the hotel. Approximately \$819,000 \$2.4 million has been spent on capital expenditures since the acquisition.

The Mr. C Cameo Beverly Hills was built in 1965 and underwent an extensive renovation in 2011. It has 138 luxurious and spacious rooms, including 12 suites and 10 mini suites. It is a luxury hotel ideally located in close proximity to high-end shopping on Rodeo Drive and business demand from Century City and Culver City.

On August 1, 2023, the Company announced the rebranding and planned conversion of the hotel to the Cameo Beverly Hills. Following an extensive renovation, which is expected to be completed by the end of 2025, the hotel will join LXR Hotels & Resorts.

Additional property highlights include:

- **Meeting Space:** The property has over 24,000 sq. ft. of flexible indoor/outdoor meeting space. The 12<sup>th</sup> floor ballroom features unparalleled 360-degree panoramic views of Los Angeles.
- **Food and Beverage:** The property also boasts the acclaimed The Restaurant at Mr. C, features Il Moderno which entices travelers and Angelenos alike offers a menu of classic southern Italian recipes with its truly authentic Italian flavor by the fourth generation Cipriani, a California flair.
- **Other Amenities:** The property offers an outdoor pool terrace with daybeds and cabanas, state-of-the-art fitness center and a business center. Additionally, the property includes five newly-constructed newly constructed and fully-furnished fully furnished residences which blend contemporary architecture with elegant, minimalistic design and range in size from 2,000 to 3,400 sq. ft. The residences are currently offered for extended-stay rentals.

**Location and Access.** With its premier location in the heart of West Los Angeles, the property is in the middle of more than 45 million sq. ft. of office space, supporting substantial corporate demand and a wide array of world-renowned leisure demand generators, including unrivaled shopping with high-end retailers, vibrant restaurants and various art and cultural attractions.

**Operating History.** The following table shows certain historical information regarding The Mr. C Cameo Beverly Hills Hotel since 2020: 2021:

|           |           | Year Ended December 31, 2022 |   | Year Ended December 31, 2021 (combined) |   | Period from August 5, 2021 through December 31, 2021 |   | Period from January 1, 2021 through August 4, 2021 |   | Year Ended December 31, 2020 |   |
|-----------|-----------|------------------------------|---|-----------------------------------------|---|------------------------------------------------------|---|----------------------------------------------------|---|------------------------------|---|
|           |           | Year Ended December 31,      |   | Year Ended December 31,                 |   | Year Ended December 31,                              |   |                                                    |   |                              |   |
|           |           | 2023                         |   | 2023                                    |   | 2023                                                 |   |                                                    |   |                              |   |
|           |           | 2023                         |   | 2023                                    |   | 2023                                                 |   |                                                    |   |                              |   |
| Rooms     |           | Rooms                        |   | Rooms                                   |   | Rooms                                                |   | Rooms                                              |   | Rooms                        |   |
| Rooms     | Rooms     | 143                          |   | 143                                     |   | 143                                                  |   | 143                                                |   | 143                          |   |
| Occupancy | Occupancy | 74.3                         | % | 50.1                                    | % | 63.9                                                 | % | 40.7                                               | % | 30.5                         | % |
| Occupancy |           | Occupancy                    |   | Occupancy                               |   | Occupancy                                            |   | Occupancy                                          |   | Occupancy                    |   |
| ADR       |           | ADR                          |   | ADR                                     |   | ADR                                                  |   | ADR                                                |   | ADR                          |   |
| ADR       | ADR       | \$ 347.57                    |   | \$ 327.85                               |   | \$ 332.86                                            |   | \$ 322.42                                          |   | \$ 336.43                    |   |
| RevPAR    | RevPAR    | \$ 258.10                    |   | \$ 164.36                               |   | \$ 212.62                                            |   | \$ 131.07                                          |   | \$ 102.67                    |   |
| RevPAR    |           | RevPAR                       |   | RevPAR                                  |   | RevPAR                                               |   | RevPAR                                             |   | RevPAR                       |   |

**Selected Financial Information.** The following table shows certain selected financial information regarding The Mr. C Cameo Beverly Hills Hotel since 2021 (dollars in thousands):

| Year Ended December 31, 2022 | Year Ended December 31, 2021 (combined) | Period from August 5, 2021 through | Period from January 1, 2021 through |
|------------------------------|-----------------------------------------|------------------------------------|-------------------------------------|
|------------------------------|-----------------------------------------|------------------------------------|-------------------------------------|



|                                    |                                    |                         |         |    |          | December 31, 2021 |          | August 4, 2021 |          |
|------------------------------------|------------------------------------|-------------------------|---------|----|----------|-------------------|----------|----------------|----------|
|                                    |                                    | Year Ended December 31, |         |    |          |                   |          |                |          |
|                                    |                                    | Year Ended December 31, |         |    |          |                   |          |                |          |
|                                    |                                    | Year Ended December 31, |         |    |          |                   |          |                |          |
|                                    |                                    | 2023                    |         |    |          |                   |          |                |          |
|                                    |                                    | 2023                    |         |    |          |                   |          |                |          |
|                                    |                                    | 2023                    |         |    |          |                   |          |                |          |
| Total Revenue                      |                                    |                         |         |    |          |                   |          |                |          |
| Total Revenue                      |                                    |                         |         |    |          |                   |          |                |          |
| Total Revenue                      | Total Revenue                      | \$                      | 19,484  | \$ | 12,864   | \$                | 6,592    | \$             | 6,272    |
| Rooms Revenue                      | Rooms Revenue                      |                         | 13,472  |    | 8,579    |                   | 4,531    |                | 4,048    |
| Rooms Revenue                      |                                    |                         |         |    |          |                   |          |                |          |
| Rooms Revenue                      |                                    |                         |         |    |          |                   |          |                |          |
| Hotel net income <sup>(1)</sup>    |                                    |                         |         |    |          |                   |          |                |          |
| Hotel net income <sup>(1)</sup>    |                                    |                         |         |    |          |                   |          |                |          |
| Hotel net income <sup>(1)</sup>    | Hotel net income <sup>(1)</sup>    |                         | (1,390) |    | (2,877)  |                   | (1,630)  |                | (1,247)  |
| Hotel net income margin            | Hotel net income margin            |                         | (7.1) % |    | (22.4) % |                   | (24.7) % |                | (19.9) % |
| Hotel net income margin            |                                    |                         |         |    |          |                   |          |                |          |
| Hotel net income margin            |                                    |                         |         |    |          |                   |          |                |          |
| Hotel EBITDA <sup>(2)</sup>        |                                    |                         |         |    |          |                   |          |                |          |
| Hotel EBITDA <sup>(2)</sup>        |                                    |                         |         |    |          |                   |          |                |          |
| Hotel EBITDA <sup>(2)</sup>        | Hotel EBITDA <sup>(2)</sup>        |                         | 3,157   |    | 2,280    |                   | 1,052    |                | 1,228    |
| Hotel EBITDA Margin <sup>(2)</sup> | Hotel EBITDA Margin <sup>(2)</sup> |                         | 16.2 %  |    | 17.7 %   |                   | 16.0 %   |                | 19.6 %   |
| Hotel EBITDA Margin <sup>(2)</sup> |                                    |                         |         |    |          |                   |          |                |          |
| Hotel EBITDA Margin <sup>(2)</sup> |                                    |                         |         |    |          |                   |          |                |          |

<sup>(1)</sup> Hotel net income (loss) for the period before the Company's ownership includes the predecessor hotel net income (loss) and adjustments for depreciation and interest as if the Company owned the hotel during the predecessor period.

<sup>(2)</sup> See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures" for a reconciliation of net income (loss) to Hotel EBITDA by property.

The hotel operating results for the period from August 5, 2021 through December 31, 2021 represent the operating results since the acquisition of the hotel on August 5, 2021. The hotel operating results for the period from January 1, 2021 through August 4, 2021 and for the year ended December 31, 2020 represent periods before our ownership and were obtained from the prior owner. The Company performed a limited review of the information as part of its analysis of the acquisition. No financial statements were prepared, audited or reviewed for the year ended December 31, 2020 and for the period from January 1, 2021 through August 4, 2021.

#### The Ritz-Carlton Reserve, Dorado, Puerto Rico

On March 11, 2022, the Company acquired a 100% interest in the 96-room Ritz-Carlton Reserve Dorado Beach in Dorado, Puerto Rico. Approximately \$1.3 million \$3.8 million has been spent on capital expenditures since the acquisition.

The Ritz-Carlton Reserve Dorado Beach opened in 2013. Situated on a portion of the original Rockefeller estate, the The Ritz-Carlton Reserve Dorado Beach is an intimate refuge, infused with references to the surrounding natural landscape and diverse culture. It has 96 guest rooms, each of which features beautiful modern decor, a large wardrobe and marble floors. Some rooms also feature an en-suite plunge pool and spectacular ocean views.

Additional property highlights include:

- **Meeting Space:** The property offers entirely customizable meeting packages that combine ocean-view meeting space, bespoke services and meeting expertise. A private dining room and several lawns are also available for more social gatherings.
- **Food and Beverage:** The property features three dining outlets including COA, the property's signature steakhouse and Positivo, offering upscale open-air, ocean front dining with an Asian inspired influence.
- **Other Amenities:** The property offers an award winning spa, fitness center, kids club and excellent views of the Caribbean Sea.

**Location and Access.** Puerto Rico's capital of San Juan is 25 miles away, and guests can reach Luis Muñoz Marín International Airport within a 50-minute drive of the property.

**Operating History.** The following table shows certain historical information regarding Ritz-Carlton Reserve Dorado Beach since 2020: 2021:

|  |  | Year Ended December 31, 2023 | Year Ended December 31, 2023 |
|--|--|------------------------------|------------------------------|
|  |  | Year Ended December          | Year Ended December 31,      |

|           |           | 31, 2023 |   | Year Ended        |      | Period from     |    | Period from     |    |
|-----------|-----------|----------|---|-------------------|------|-----------------|----|-----------------|----|
| Rooms     |           |          |   | December 31,      |      | March 11,       |    | January 1, 2022 |    |
| Rooms     |           |          |   | 2022              |      | 2022 through    |    | through         |    |
|           |           |          |   | (combined)        |      | December 31,    |    | March 10, 2022  |    |
| Rooms     | Rooms     |          |   | Year Ended        |      | Period from     |    | 2021            |    |
|           |           |          |   | December 31, 2022 |      | January 1, 2022 |    |                 |    |
|           |           |          |   | (combined)        |      | through         |    |                 |    |
|           |           |          |   | December 31, 2022 |      | March 10, 2022  |    | 96              |    |
| Occupancy | Occupancy | 61.6     | % |                   | 63.5 | %               |    | 53.1            | %  |
| Occupancy |           |          |   |                   |      |                 |    | 64.9            | %  |
| Occupancy |           |          |   |                   |      |                 |    |                 |    |
| ADR       |           |          |   |                   |      |                 |    |                 |    |
| ADR       |           |          |   |                   |      |                 |    |                 |    |
| ADR       | ADR       | \$       |   | 2,015.83          | \$   | 1,928.50        | \$ | 2,462.11        | \$ |
|           |           |          |   |                   |      |                 |    | 1,674.08        | \$ |
| RevPAR    | RevPAR    | \$       |   | 1,240.97          | \$   | 1,225.27        | \$ | 1,308.32        | \$ |
|           |           |          |   |                   |      |                 |    | 1,086.05        | \$ |
| RevPAR    |           |          |   |                   |      |                 |    |                 |    |
| RevPAR    |           |          |   |                   |      |                 |    |                 |    |

The above information does not include the operations of the voluntary rental program with respect to residential units not owned by the Company.

**Selected Financial Information.** The following table shows certain selected financial information regarding The Ritz-Carlton Reserve Dorado Beach since 2021 (dollars in thousands):

| Year Ended December 31, 2023 |  |  |  |  |  |  |  |  |  |  |  |
|------------------------------|--|--|--|--|--|--|--|--|--|--|--|
| Year Ended December 31, 2023 |  |  |  |  |  |  |  |  |  |  |  |
| Year Ended December 31, 2023 |  |  |  |  |  |  |  |  |  |  |  |
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<sup>(1)</sup> Rooms revenue does not include the operations of the voluntary rental program with respect to residential units not owned by the Company.

<sup>(2)</sup> Hotel net income (loss) for the periods before the Company's ownership includes the predecessor hotel net income (loss) and adjustments for depreciation and interest as if the Company owned the hotel during the predecessor periods.

(3) See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures" for a reconciliation of net income (loss) to Hotel EBITDA by property.

The hotel operating results for the period from March 11, 2022 through December 31, 2022 represent the operating results since the acquisition of the hotel on March 11, 2022. The hotel operating results for the period from January 1, 2022 through March 10, 2022 and for the years ended December 31, 2021 and 2020 represent periods before our ownership and were obtained from the prior owner. The Company performed a limited review of the information as part of its analysis of the acquisition. The financial statements as of and for the year ended December 31, 2021 were audited and included in an amendment to our Current Report on Form 8-K filed on March 11, 2022. No financial statements were prepared, audited or reviewed for the year ended December 31, 2020 and for the period from January 1, 2022 through March 10, 2022.

#### Four Seasons Resort, Scottsdale, Arizona

On December 1, 2022, the Company acquired a 100% interest in the 210-room Four Seasons Resort Scottsdale at Troon North in Scottsdale, Arizona. Approximately \$383,000 \$4.3 million has been spent on capital expenditures since the acquisition.

The Four Seasons Resort Scottsdale was opened in 1999. It has 210 luxurious and spacious guest rooms, including 22 suites that average 1,214 sq. ft. in size, all boasting private patios or balconies overlooking the colorful desert landscapes.

Additional property highlights include:

- **Meeting Space:** The property boasts 35,900 square feet of total indoor and landscaped outdoor event space including three ballrooms and a variety of private meeting rooms including two dedicated boardrooms
- **Food and Beverage:** Guests have multiple dining options including indulging at the 100-seat Talavera steakhouse, sampling American homestyle fare at 180-seat Proof cantina, enjoying desert and pool views at the 55-seat Saguaro Blossom poolside restaurant, or enjoying handcrafted cocktails at the 100-seat Onyx Bar and Lounge.
- **Other Amenities:** The property offers locally inspired spa treatments at the 9,000 sq. ft. spa, a bi-level pool. It also offers guests opportunities for outdoor adventure, including close shuttle access to two world-class golf courses, four pickleball and two tennis courts, as well as the opportunities to hike, bike or rock climb surrounding hills.

**Location and Access.** Set in the majestic Sonoran Desert, Four Seasons Resort Scottsdale at Troon North is minutes from outdoor adventures and two world-class golf courses. The bustling downtowns of Scottsdale and Phoenix are 30 and 40 minutes away, respectively, but dining, shopping and area attractions are only a short drive from the Resort.

**Operating History.** The following table shows certain historical information regarding the Four Seasons Resort Scottsdale since 2020: 2021:

|           |           | Year Ended December 31, 2023            | Year Ended December 31, 2023                           |                                                       |           | Period from December 1, 2022 through December 31, 2022 | Period from January 1, 2022 through November 30, 2022 | Year Ended December 31, |  |
|-----------|-----------|-----------------------------------------|--------------------------------------------------------|-------------------------------------------------------|-----------|--------------------------------------------------------|-------------------------------------------------------|-------------------------|--|
|           |           | Year Ended December 31, 2023            | Year Ended December 31, 2022 (combined)                |                                                       |           | December 31, 2022                                      | November 30, 2022                                     |                         |  |
| Rooms     |           |                                         |                                                        |                                                       |           |                                                        |                                                       |                         |  |
| Rooms     |           |                                         |                                                        |                                                       |           |                                                        |                                                       |                         |  |
| Rooms     | Rooms     | Year Ended December 31, 2022 (combined) | Period from December 1, 2022 through December 31, 2022 | Period from January 1, 2022 through November 30, 2022 | 2021      | 2020                                                   |                                                       |                         |  |
| Occupancy | Occupancy | 46.3 %                                  | 45.2 %                                                 | 46.4 %                                                | 41.7 %    | 33.3 %                                                 |                                                       |                         |  |
| Occupancy |           |                                         |                                                        |                                                       |           |                                                        |                                                       |                         |  |
| Occupancy |           |                                         |                                                        |                                                       |           |                                                        |                                                       |                         |  |
| ADR       |           |                                         |                                                        |                                                       |           |                                                        |                                                       |                         |  |
| ADR       | ADR       | \$ 914.43                               | \$ 1,056.99                                            | \$ 901.55                                             | \$ 853.53 | \$ 636.90                                              |                                                       |                         |  |
| RevPAR    | RevPAR    | \$ 423.18                               | \$ 477.19                                              | \$ 418.17                                             | \$ 356.17 | \$ 211.90                                              |                                                       |                         |  |
| RevPAR    |           |                                         |                                                        |                                                       |           |                                                        |                                                       |                         |  |
| RevPAR    |           |                                         |                                                        |                                                       |           |                                                        |                                                       |                         |  |

**Selected Financial Information.** The following table shows certain selected financial information regarding the Four Seasons Resort Scottsdale Hotel since 2021:

(dollars 2021 (dollars in thousands):

|               |  | Year Ended December 31, 2023 | Year Ended December 31, 2023            |  |  | Period from December 1, 2022 through December 31, 2022 | Period from January 1, 2022 through November 30, 2022 | Year Ended December 31, |  |
|---------------|--|------------------------------|-----------------------------------------|--|--|--------------------------------------------------------|-------------------------------------------------------|-------------------------|--|
|               |  | Year Ended December 31, 2023 | Year Ended December 31, 2021 (combined) |  |  | December 31, 2022                                      | November 30, 2022                                     |                         |  |
| Total Revenue |  |                              |                                         |  |  |                                                        |                                                       |                         |  |

| Total Revenue                      |                             |                   |  |                   |  |                         |  |            |  |
|------------------------------------|-----------------------------|-------------------|--|-------------------|--|-------------------------|--|------------|--|
|                                    |                             | Year Ended        |  | Period from       |  | Period from             |  | Year Ended |  |
|                                    |                             | December 31, 2021 |  | December 1, 2022  |  | January 1, 2022 through |  | December   |  |
|                                    |                             | (combined)        |  | through           |  | November 30, 2022       |  | 31, 2021   |  |
| Total Revenue                      | Total Revenue               |                   |  | December 31, 2022 |  |                         |  |            |  |
| Rooms Revenue                      | Rooms Revenue               | 32,437            |  | 3,107             |  | 29,330                  |  | 27,299     |  |
| Rooms Revenue                      |                             |                   |  |                   |  |                         |  |            |  |
| Rooms Revenue                      |                             |                   |  |                   |  |                         |  |            |  |
| Hotel net income <sup>(1)</sup>    |                             |                   |  |                   |  |                         |  |            |  |
| Hotel net income <sup>(1)</sup>    |                             |                   |  |                   |  |                         |  |            |  |
| Hotel net income                   | Hotel net income            |                   |  |                   |  |                         |  |            |  |
| <sup>(1)</sup>                     | <sup>(1)</sup>              | 4,095             |  | 933               |  | 3,162                   |  | 2,581      |  |
| Hotel net income                   | Hotel net income            |                   |  |                   |  |                         |  |            |  |
| margin                             | margin                      | 6.7 %             |  | 18.0 %            |  | 5.6 %                   |  | 5.2 %      |  |
| Hotel net income margin            |                             |                   |  |                   |  |                         |  |            |  |
| Hotel net income margin            |                             |                   |  |                   |  |                         |  |            |  |
| Hotel EBITDA <sup>(2)</sup>        |                             |                   |  |                   |  |                         |  |            |  |
| Hotel EBITDA <sup>(2)</sup>        |                             |                   |  |                   |  |                         |  |            |  |
| Hotel EBITDA <sup>(2)</sup>        | Hotel EBITDA <sup>(2)</sup> | 19,497            |  | 1,710             |  | 17,787                  |  | 16,402     |  |
| Hotel EBITDA                       | Hotel EBITDA                |                   |  |                   |  |                         |  |            |  |
| Margin <sup>(2)</sup>              | Margin <sup>(2)</sup>       | 31.8 %            |  | 32.9 %            |  | 31.7 %                  |  | 32.9 %     |  |
| Hotel EBITDA Margin <sup>(2)</sup> |                             |                   |  |                   |  |                         |  |            |  |
| Hotel EBITDA Margin <sup>(2)</sup> |                             |                   |  |                   |  |                         |  |            |  |

<sup>(1)</sup> Hotel net income (loss) for the periods before the Company's ownership includes the predecessor hotel net income (loss) and adjustments for depreciation and interest as if the Company owned the hotel during the predecessor periods.

<sup>(2)</sup> See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures" for a reconciliation of net income (loss) to Hotel EBITDA by property.

The hotel operating results for the period from December 1, 2022 through December 31, 2022 represent the operating results since the acquisition of the hotel on December 1, 2022. The hotel operating results for the period from January 1, 2022 through November 30, 2022 and for the years year ended December 31, 2021 and 2020 represent periods before our ownership and were obtained from the prior owner. The Company performed a limited review of the information as part of its analysis of the acquisition. The financial statements as of and for the years year ended December 31, 2021 and 2020 were audited and as of and for the nine months ended September 30, 2022 and 2021 were reviewed and included in our Current Report on Form 8-K filed on December 1, 2022. No financial statements were prepared, audited or reviewed for the period from October 1, 2022 through November 30, 2022.

## Asset Management

The senior management team, provided to us by Ashford LLC, facilitated all asset management services for our hotel properties prior to our spin-off from Ashford Trust and continues to do so, including for the properties we acquired after the spin-off. The team of professionals provided by Ashford LLC proactively works with our third-party hotel management companies and Remington Hotels Hospitality to attempt to maximize profitability at each of our hotel properties. The asset management team monitors the performance of our hotel properties on a daily basis and holds frequent ownership meetings with personnel at the hotel properties and with key executives of the brands and management companies. The asset management team works closely with our third-party hotel management companies and Remington Hotels Hospitality on key aspects of each hotel's operation, including, among others, revenue management, market positioning, cost structure, capital and operational budgeting as well as the identification of return on investment initiatives and overall business strategy. In addition, we retain approval rights on key staffing positions at many of our hotel properties, such as the hotel's general manager and director of sales. We believe that our strong asset management process helps to ensure that each hotel is being operated to our and our hotel management companies' stated standards, that our hotel properties are being adequately maintained in order to preserve the value of the asset and the safety of the hotel to customers, and that our hotel management companies are maximizing revenue and enhancing operating margins. See "Certain Agreements—The Advisory Agreement."

## Hotel Management

Ashford Inc. also provides us with hotel management services through Remington Hotels Hospitality, including hotel operations, sales and marketing, revenue management, budget oversight, guest service, asset maintenance (not involving capital expenditures) and related services. See "Certain Agreements—Hotel Management Agreement."

## Design and Construction Services

Ashford Inc. also provides us with design and construction services through Premier, including construction management, interior design, architectural services and oversight, and the purchasing, expediting, warehousing coordination, freight management and supervision of installation of furniture, fixtures and equipment ("FF&E"), and related services. See "Certain Agreements—Premier Master Project Management Agreement."

## Third-Party Agreements

**Hotel Management Agreements.** Twelve of our hotel properties are operated pursuant to a hotel management agreement with one of five brand management companies and four of our hotel properties are operated pursuant to a hotel management agreement with Remington Hotels, Hospitality, a hotel management company acquired by Ashford Inc. on November 6, 2019, from

Mr. Monty J. Bennett, chairman of our board of directors and chairman, chief executive officer and a significant stockholder of Ashford Inc., and Mr. Archie Bennett, Jr., chairman emeritus of Ashford Trust. Each management company receives a base management fee and may also be eligible to receive an incentive management fee if hotel operating income, as defined in the respective management agreement, exceeds certain thresholds. The incentive management fee is generally calculated as a percentage of hotel operating income after we have received a priority return on our investment in the hotel. See "Certain Agreements—Hotel Management Agreements."

**Franchise Agreements.** None One of our hotel properties operate operates under a franchise agreements. agreement.

The management agreements with Marriott (or its affiliates), Hilton (or its affiliates), Four Seasons, Hyatt or Accor allow twelve of our hotel properties to operate under the Marriott, Autograph Collection, The Ritz-Carlton, Ritz-Carlton Reserve, Hilton, Four Seasons, Park Hyatt or Sofitel brand names, as applicable, and provide benefits typically associated with franchise agreements, including, among others, the use of Marriott's (or its affiliates), Hilton's (or its affiliates), Four Seasons' (or its affiliates), Hyatt's (or its affiliates) or Accor's (or its affiliates), applicable, reservation system and guest loyalty and reward program. Any intellectual property and trademarks of Marriott (or its affiliates), Hilton (or its affiliates), Four Seasons (or its affiliates), Hyatt (or its affiliates) or Accor (or its affiliates), as applicable, are exclusively owned and controlled by the applicable manager (or its affiliates) and the management agreement with Marriott (or its affiliates), Hilton (or its affiliates), Four Seasons, Hyatt, and Accor grant grants the applicable manager the rights to use such intellectual property or trademarks with respect to the applicable hotel.

**Licensing Agreement.** The Ritz-Carlton St. Thomas is subject to a License and Royalty Agreement, which allows the hotel to use The Ritz-Carlton name and mark for 50 years, subject to automatic renewal for two 10-year periods, unless the brand management company notifies us of election not to renew at least one year before the end of the initial term or the then-current renewal term. The Licensed License and Royalty Agreement is coterminous with the management agreement. In connection with our ability to use The Ritz-Carlton name and mark, we are obligated to pay a royalty fee of 2.6% of gross revenues and an incentive royalty of 20% of operating profit in excess of owner's priority.

Additionally, in conjunction with the Mr. C Beverly Hills Hotel acquisition on August 5, 2021, we entered into an Intellectual Property Sublicense Agreement, which allows us to continue to use certain proprietary marks associated with the Mr. C brand name. In return, we pay licensing fees of: (i) 1% of total operating revenue; (ii) 2% of gross food and beverage revenues; and (iii) 25% of food and beverage profits. Further, The agreement expires on August 5, 2023.

Further, the Ritz-Carlton Reserve Dorado Beach is subject to a License and Royalty Agreement, which allows the hotel to use the Ritz-Carlton name and mark for 30 years, subject to automatic renewal for two 10-year periods, unless the licensor notifies us of election not to renew at least 18 months before the end of the initial term or the then-current renewal term. The License and Royalty Agreement is coterminous with the management agreement. In connection with our ability to use The Ritz-Carlton name and mark, we are obligated to pay a royalty fee of 2.6% of gross revenues and an incentive royalty equal to the sum of (a) \$250,000 if operating profit is equal to or greater than owner's priority, to be paid out of owner's priority, plus (b) 20% of operating profit in excess of owner's priority.

Furthermore, Four Seasons Resort Scottsdale is subject to a Hotel License Agreement, which allows the hotel to use the Four Seasons name and mark until December 31, 2039, subject to automatic renewal for two 20-year periods, unless the licensor notifies us of election not to renew at least 12 months before the end of the current term (or any renewal thereof). The Hotel License Agreement is coterminous with the management agreement. In connection with our ability to use Four Seasons name and mark, we are obligated to pay a royalty fee of 0.5% of gross revenues.

## Our Financing Strategy

As of December 31, 2022 December 31, 2023, our indebtedness was approximately \$1.3 billion \$1.2 billion, with a weighted average interest rate of 6.36% 7.42% per annum, taking into account in-the-money interest rate caps. Approximately 6.5% 7.4% of our debt bears interest at a fixed rate of 4.5% and the remaining 93.5% 92.6% bears interest at the a variable rate of LIBOR/SOFR plus 2.57% 3.32%. We intend to continue to use variable-rate debt or a mix of fixed and variable-rate debt as we see fit, and we may, if appropriate, enter into interest rate hedges.

We intend to finance our long-term growth and liquidity needs with operating cash flow, equity issuances of both common and preferred stock, joint ventures, a revolving line of credit and secured and unsecured debt financings having staggered maturities. We target leverage of 35% net debt to gross assets. We may also issue common units or other interests in our operating partnership to acquire properties from sellers who seek a tax-deferred transaction.

We may utilize Lismore Capital II LLC ("Lismore"), a subsidiary of Ashford Inc. and its affiliates, to provide debt placement and related services, which otherwise would be provided by third parties, for debt financings. The services provided by Lismore include access to their deep industry contacts to achieve competitive terms in the market, due diligence support and assistance in completing the financing transaction.

We may use the proceeds from any borrowings for working capital, consistent with industry practice, to:

- purchase interests in partnerships or joint ventures;
- finance the origination or purchase of debt investments; or
- finance acquisitions, expand, redevelop or improve existing properties, or develop new properties or other uses.

## Certain Agreements

### The Advisory Agreement

We are advised by Ashford LLC, a subsidiary of Ashford Inc., pursuant to the Fifth Amended and Restated Advisory Agreement, dated as of April 18, 2018, as amended on January 15, 2019, and as further amended on August 16, 2021, among us, Braemar OP, Braemar TRS, Ashford Inc. and Ashford LLC. Pursuant to our advisory agreement, Ashford LLC acts as our advisor, responsible for implementing our investment strategies and decisions and the management of our day-to-day operations, subject to the supervision and oversight of our board of directors. We rely on Ashford LLC to provide, or obtain on our behalf, the personnel and services necessary for us to conduct our business, and we have no employees of our own. All of our officers are also employees of Ashford LLC.

Pursuant to the terms of our advisory agreement, Ashford LLC and its affiliates provide us with our management team, along with appropriate support personnel as Ashford LLC deems reasonably necessary. Ashford LLC and its affiliates are not obligated to dedicate any of their respective employees exclusively to us, nor are Ashford LLC, its affiliates or any of their employees obligated to dedicate any specific portion of its or their time to our business except as necessary to perform the service required of them in their capacity as our advisor. Ashford LLC is at all times subject to the supervision and oversight of our board of directors. So long as Ashford LLC is our advisor, our governing documents require us to include two persons designated by Ashford LLC as candidates for election as director at any stockholder meeting at which directors are to be elected. Such nominees may be executive officers of our advisor. If the size of our board of directors is increased at any time to more than seven directors, Ashford LLC's right to nominate shall be increased by such number of directors as shall be necessary to maintain the ratio of directors nominated by Ashford LLC to the directors otherwise nominated, as nearly as possible (rounding to the next larger whole number), equal to the ratio that would have existed if our board of directors consisted of seven members. The advisory agreement requires Ashford LLC to manage our business affairs in conformity with the policies and the guidelines that are approved and monitored by our board of directors. Additionally, Ashford LLC must refrain from taking any action that would (a) adversely affect our status as a REIT, (b) subject us to regulation under the Investment Company Act of 1940, as amended, (c) knowingly and intentionally violate any law, rule or regulation of any governmental body or agency having jurisdiction over us, (d) violate any of the rules or regulations of any exchange on which our securities are listed, or (e) violate our charter, bylaws or resolutions of our board of directors, all as in effect from time to time.

**Duties of Ashford LLC.** Subject to the supervision of our board of directors, Ashford LLC is responsible for our day-to-day operations, including all of our subsidiaries and joint ventures, and shall perform (or cause to be performed) all services necessary to operate our business as outlined in the advisory agreement. Those services include sourcing and evaluating hotel acquisition and disposition opportunities, asset managing the hotel properties in our portfolio and overseeing the hotel managers, handling all of our accounting, treasury and financial reporting requirements, and negotiating terms of loan documents for our debt financings, as well as other duties and services outlined in the advisory agreement.

Any increase in the scope of duties or services to be provided by Ashford LLC must be jointly approved by us and Ashford LLC and will be subject to additional compensation as outlined in the advisory agreement.

Ashford LLC is our sole and exclusive provider of asset management, design and construction and certain other services offered by Ashford Inc. and its subsidiaries.

Ashford LLC also has the power to delegate all or any part of its rights and powers to manage and control our business and affairs to such officers, employees, affiliates, agents and representatives of Ashford LLC or our company as it may deem appropriate. Any authority delegated by Ashford LLC to any other person is subject to the limitations on the rights and powers of our advisor specifically set forth in the advisory agreement or our charter.

Ashford LLC also acknowledges receipt of our code of business conduct and ethics, code of conduct for the chief executive officer, chief financial officer and chief accounting officer and policy on insider trading and agrees to require its employees who provide services to us to comply with the codes and the policy.

**Limitations on Liability and Indemnification.** The advisory agreement provides that Ashford LLC has no responsibility other than to render the services and take the actions described in the advisory agreement in good faith and with the exercise of due care and will not be responsible for any action our board of directors takes in following or declining to follow any of Ashford LLC's advice or recommendations. The advisory agreement provides that Ashford LLC (including its officers,

directors, managers, employees and members) will not be liable for any act or omission by it (or them) performed in accordance with and pursuant to the advisory agreement, except by reason of acts constituting gross negligence, bad faith, willful misconduct or reckless disregard of duties under the advisory agreement.

We have agreed to indemnify and hold harmless Ashford LLC (including its partners, directors, officers, stockholders, managers, members, agents, employees and each other person or entity, if any, controlling Ashford LLC) to the full extent lawful, from and against any and all losses, claims, damages or liabilities of any nature whatsoever with respect to or arising from Ashford LLC's acts or omissions (including ordinary negligence) in its capacity as such, except with respect to losses, claims, damages or liabilities with respect to or arising out of Ashford LLC's gross negligence, bad faith or willful misconduct, or reckless disregard of its duties under the advisory agreement (for which Ashford LLC will indemnify us).

**Term and Termination.** The initial term of our advisory agreement shall expire on January 24, 2027, with up to seven successive additional ten-year terms upon Ashford LLC's written notice to us not less than 210 days prior to the expiration of the then-current term of Ashford LLC's election to extend the term of our advisory agreement.

We may terminate the advisory agreement at any time, including during the 10-year initial term, without the payment of a termination fee under the following circumstances:

- immediately upon providing written notice to Ashford LLC, following its conviction (including a plea **or** **nolo contendere**) of a felony;
- immediately upon providing written notice to Ashford LLC, if it commits an act of fraud against us, misappropriates our funds or acts in a manner constituting willful misconduct, gross negligence or reckless disregard in the performance of its material duties under the advisory agreement (including a failure to act); provided, however, that if any such actions or omissions are caused by an employee and/or an officer of Ashford LLC (or an affiliate of Ashford LLC) and Ashford LLC takes all reasonable necessary and appropriate action against such person and cures the damage caused by such actions or omissions within 45 days of Ashford LLC's actual knowledge of its commission or omission, we will not have the right to terminate the advisory agreement;
- immediately, upon the commencement of an action for dissolution of our advisor; or
- (i) upon the entry by a court of competent jurisdiction of a final non-appealable order awarding monetary damages to us based on a finding that our advisor committed a material breach or default of a material term, condition, obligation or covenant of the advisory agreement, which breach or default had a material adverse effect on us, but only where our advisor fails to pay the monetary damages in full within 60 days of the date when the monetary judgment becomes final and non-appealable; provided, however, that if our advisor notified us that our advisor is unable to pay any judgment for monetary damages in full within 60 days of when the judgment becomes final and non-appealable, we may not terminate the advisory agreement if, within the 60-day period, our advisor delivers a promissory note to us having a principal amount equal to the unpaid balance of the judgment and bearing interest at 8.00% per annum, which note shall mature on the 12-month anniversary of the date that the judgment becomes final and non-appealable; and (ii) upon no less than 60 days' written notice to our advisor, prior to initiating any proceeding claiming a material breach or default by our advisor, of the nature of the default or breach and providing our advisor with an opportunity to cure the default or breach, or if the default or breach is not reasonably susceptible to cure within 60 days, an additional cure period as is reasonably necessary to cure the default or breach so long as our advisor is diligently and in good faith pursuing the cure.

Either party may also terminate the advisory agreement, with the payment of a termination fee, upon the occurrence of a change of control of the Company, provided that the party desiring to terminate the advisory agreement shall give written notice to the other party on a date (i) no earlier than the date on which: (1) we enter into a change of control

agreement; (2) our board of directors recommends that our stockholders accept the offer made in a change of control tender; or (3) a voting control event occurs; and (ii) no later than two days after the closing of a transaction contemplated by a change of control agreement, completion of a change of control tender, or occurrence of a voting control event.

In connection with a termination due to a Company change of control event, our advisor may agree, in its sole discretion, to provide transition services agreed to by the parties for a period of up to 30 days.

#### **Fees and Expenses.**

- **Base Fee.** The total monthly base fee is in an amount equal to  $\frac{1}{12}$ th of the sum of (i) 0.70% of the total market capitalization of our company for the prior month, plus (ii) the Net Asset Fee Adjustment (as defined below), if any, on the last day of the prior month during which our advisory agreement was in effect; provided, however, in no event shall the base fee for any month be less than the minimum base fee as provided by our advisory agreement. The base fee is payable on the fifth business day of each month.

"Net Asset Fee Adjustment" shall be equal to (i) the product of the Sold Non-ERFP Asset Amount (as more particularly defined in the advisory agreement, but generally equal to the net sales prices of real property (other than any Enhanced Return Hotel Assets (as defined in the ERFP Agreement)) sold or disposed of after the date of the ERFP Agreement, commencing with and including the first such sale) and 0.70% plus (ii) the product of the Sold ERFP Asset Amount (as more particularly defined in the advisory agreement, but generally equal to the net sales prices of Enhanced Return Hotel Assets sold or disposed of after the date of the ERFP Agreement, commencing with and including the first such sale) and 1.07%.

The minimum base fee for Braemar for each month will be equal to the greater of:

- 90% of the base fee paid for the same month in the prior year; and
- $\frac{1}{12}$ th of the "G&A Ratio" multiplied by the total market capitalization of Braemar.

The "G&A Ratio" is calculated as the simple average of the ratios of total general and administrative expenses, including any dead deal costs, less any non-cash expenses, paid in the applicable quarter by each member of a select peer group, divided by the total market capitalization of such peer group member. The peer group for the Company may be adjusted from time-to-time by mutual agreement between Ashford LLC and a majority of our independent directors. Each month's base fee is determined based on prior month results and is payable in cash on the fifth business day of the month for which the fee is applied.

- **Incentive Fee.** In each year that (i) our common stock is listed for trading on a national securities exchange for each day of the applicable year; and (ii) our total stockholder return ("TSR") exceeds the "average TSR of our peer group" we have agreed to pay an incentive fee.

For purposes of this calculation, our TSR means the sum, expressed as a percentage, of (i) the change in our common stock price during the applicable period, plus (ii) the dividend yield paid during the applicable period (determined by dividing dividends paid during the applicable period by our common stock price at the beginning of the applicable period and including the value of any dividends or distributions with respect to common stock not paid in cash valued in the reasonable discretion of our advisor).

The annual incentive fee is calculated as (i) 5% of the amount (expressed as a percentage but in no event greater than 25%) by which our annual TSR exceeds the average TSR for our peer group, multiplied by (ii) the fully diluted equity value of our company at December 31 of the applicable year. To determine the fully diluted equity value, we will assume that all units in our operating partnership, including long-term incentive plan ("LTIP") units that have achieved economic parity with the common units, if any, have been converted into shares of common stock and that the per share value of each share of our common stock is equal to the closing price of our stock on the last trading day of the year.

The incentive fee, if any, subject to the FCCR Condition (defined below), is payable in arrears in three equal annual installments with the first installment payable on January 15 following the applicable year for which the incentive fee relates and on January 15 of the next two successive years. Notwithstanding the foregoing, upon any termination of the advisory agreement for any reason, any unpaid incentive fee (including any incentive fee installment for the stub period ending on the termination date) will become fully earned and immediately due and payable without regard to the FCCR Condition defined below. Except in the case when the incentive fee is payable on the date of termination of the advisory agreement, up to 50% of the incentive fee may be paid in our common stock or in common units of our operating partnership, at our discretion, with the balance payable in cash unless at the time for payment of the incentive fee, Ashford LLC owns common stock or common units in an amount greater than or equal to three times the base fee for the preceding four quarters or payment in such securities would cause the advisor to be subject to the provision of the Investment Company Act of 1940, as amended, or payment in such securities would not be legally permissible for any reason, in which case the entire incentive fee will be payable in cash.

Upon the determination of the incentive fee, except in the case of any termination of the advisory agreement in which case the incentive fee for the stub period and all unpaid installments of an incentive fee shall be deemed earned and fully due and payable, each one-third installment of the incentive fee shall not be deemed earned by the advisor or otherwise payable by us unless we, as of the December 31 immediately preceding the due date for the payment of the incentive fee installment, have a FCCR of 0.20x or greater (the "FCCR Condition"). For purposes of this calculation, "FCCR" means our fixed charge coverage ratio, which is the ratio of adjusted EBITDA for the previous four consecutive fiscal quarters to fixed charges, which includes all (i) our and our subsidiaries' interest expense, (ii) our and our subsidiaries' regularly scheduled principal payments, other than balloon or similar principal payments which repay indebtedness in full and payments under cash flow mortgages applied to principal, and (iii) preferred dividends paid by us.

- **Equity Compensation.** To incentivize employees, officers, consultants, non-employee directors, affiliates and representatives of Ashford LLC, or its affiliates, to achieve our goals and business objectives, as established by our board of directors, in addition to the base fee and the incentive fee described above, our board of directors has the authority to make equity awards to Ashford LLC or directly to employees, officers, consultants and non-employee directors of Ashford LLC, or its affiliates, based on our achievement of certain financial and other hurdles established by our board of directors. These annual equity awards are intended to provide an incentive to Ashford LLC and its employees to promote the success of our business. The compensation committee of our board of directors has full discretion regarding the grant of any annual equity awards, and other than the overall limitation on the total number of shares that are authorized to be granted under our Second Amended and Restated 2013 Equity Incentive Plan (as amended, the "2013 Equity Incentive Plan") there are no limitations on the amount of these equity awards.
- **Expense Reimbursement.** Ashford LLC is responsible for all wages, salaries, cash bonus payments and benefits related to its employees providing services to us (including any of our officers who are also employees or officers of Ashford LLC), with the exception of any equity compensation that may be awarded by us to the employees of Ashford LLC, or its affiliates, who provide services to us, the provision of certain internal audit, asset management and risk management services and the international office



expenses described below. We are responsible to pay or reimburse Ashford LLC monthly for all other costs incurred by it on our behalf or in connection with the performance of its services and duties to us, including, without limitation, tax, legal, accounting advisory, investment banking and other third party professional fees, director fees and insurance (including errors and omissions insurance and any other insurance required pursuant to the terms of the advisory agreement), debt service, taxes, insurance, underwriting, brokerage, reporting, registration, listing fees and charges, travel and entertainment expenses, conference sponsorships, transaction diligence and closing costs, dead deal costs, dividends, office space, the cost of all equity awards or compensation plans established by us, including the value of awards made by us to Ashford LLC's employees, and any other costs which are reasonably necessary for the performance by Ashford LLC, or its affiliates, of its duties and functions. In addition, we pay a pro rata share of Ashford LLC's office overhead and administrative expenses incurred in the performance of its duties and functions under the advisory agreement. There is no specific limitation on the amount of such reimbursements.

In addition to the expenses described above, we are required to reimburse Ashford LLC monthly for our pro rata share (as reasonably agreed to between Ashford LLC and a majority of our independent directors or our audit committee, chairman of our audit committee or lead director) of (i) employment expenses of Ashford LLC's internal audit managers, insurance advisory and other Ashford LLC employees who are actively engaged in providing internal audit services to us, (ii) the reasonable travel and other out-of-pocket expenses of Ashford LLC relating to the activities of its internal audit employees and the reasonable third-party expenses which Ashford LLC incurs in connection with its provision of internal audit services to us and (iii) all reasonable international office expenses, overhead, personnel costs, travel and other costs directly related to Ashford LLC's non-executive personnel who are located internationally or that oversee the operations of international assets or related to our advisor's personnel that source, investigate or provide diligence services in connection with possible acquisitions or investments internationally. Such expenses shall include but are not limited to salary, wage payroll taxes and the cost of employee benefit plans.

- **Additional Services.** If, and to the extent that, we request Ashford LLC to render services on our behalf other than those required to be rendered by it under the advisory agreement, such additional services shall be compensated separately at market rates, as defined in the advisory agreement.

**Assignment.** Ashford LLC may assign its rights under the agreement without our approval to any affiliate under the control of Ashford Inc.

**Relationship with the Advisor.** Ashford LLC is a subsidiary of Ashford Inc. and advises us and Ashford Trust. Ashford LLC, its equity holders and employees are permitted to have other advisory clients, which may include other REITs operating in the real estate industry. If we materially revise our initial investment guidelines without the express written consent of Ashford LLC, Ashford LLC will use its best judgment to allocate investment opportunities to us and other entities it advises, taking into account such factors as it deems relevant, in its discretion, subject to any then-existing obligations of Ashford LLC to such other entities. We have agreed that we will not revise our initial investment guidelines to be directly competitive with

the investment guidelines of Ashford Trust as of November 19, 2013. The advisory agreement gives us the right to equitable treatment with respect to other clients of Ashford LLC, but does not give us the right to preferential treatment, except that Ashford LLC and Ashford Trust have agreed that, so long as we have not materially changed our initial investment guidelines without the express consent of Ashford LLC, any individual hotel investment opportunities that satisfy our investment focus will be presented to our board of directors, who will have up to 10 business days to accept such opportunity prior to it being available to Ashford Trust or any other entity advised by Ashford LLC.

To minimize conflict between us and Ashford Trust, the advisory agreement requires us to designate an investment focus by targeted RevPAR, segments, markets and other factors or financial metrics. After consultation with Ashford LLC, we may modify or supplement our investment guidelines from time to time by giving written notice to Ashford LLC; however, if we materially change our investment guidelines without the express consent of Ashford LLC, Ashford LLC will use its best judgment to allocate investment opportunities to us and Ashford Trust, taking into account such factors as it deems relevant, in its discretion, subject to any then-existing obligations of Ashford LLC to other entities. In the advisory agreement, we declared our initial investment guidelines to be hotel real estate assets primarily consisting of equity or ownership interests, as well as debt investments when such debt is acquired with the intent of obtaining an equity or ownership interest, in:

- full-service hotels and resorts with trailing 12 month average RevPAR or anticipated 12 month average RevPAR of at least twice the then-current U.S. national average RevPAR for all hotels as determined with reference to the most current STR, LLC reports, generally in the 20 most populous metropolitan statistical areas, as estimated by the United States Census Bureau and delineated by the U.S. Office of Management and Budget;
- luxury hotels and resorts meeting the RevPAR criteria set forth above and situated in markets that may be generally recognized as resort markets; and
- international hospitality assets predominantly focused in areas that are general destinations or in close proximity to major transportation hubs or business centers, such that the area serves as a significant entry or departure point to a foreign country or region of a foreign country for business or leisure travelers and meet the RevPAR criteria set forth above (after any applicable currency conversion to U.S. dollars).

When determining whether an asset satisfies our investment guidelines, Ashford LLC must make a good faith determination of projected RevPAR, taking into account historical RevPAR as well as such additional considerations as conversions or reposition of assets, capital plans, brand changes and other factors that may reasonably be forecasted to raise RevPAR after stabilization of such initiative.

If we elect to spin-off, carve-out, split-off or otherwise consummate a transfer of a division or subset of assets for the purpose of forming a joint venture, a newly created private platform or a new publicly traded company to hold such division or subset of assets constituting a distinct asset type and/or investment guidelines, we have agreed that any such new entity will be advised by Ashford LLC pursuant to an advisory agreement containing substantially the same material terms set forth in our advisory agreement.

If we desire to engage a third party for services or products (other than services exclusively required to be provided by our hotel managers), Ashford LLC has the exclusive right to provide such services or products at typical market rates provided that we are able to control the award of the applicable contract. Ashford LLC will have at least 20 days after we give notice of the terms and specifications of the products or services that we intend to solicit to provide such services or products at market rates, as determined by reference to fees charged by third-party providers who are not discounting their fees as a result of fees generated from other sources. If a majority of our independent directors determine that Ashford LLC's pricing proposal is not at market rates, we are required to engage a consultant to determine the market rate for the services or products in question. We will be required to pay for the services of the consultant and to engage Ashford LLC at the market rates determined by the consultant if the consultant finds that the proposed pricing of Ashford LLC was at or below market rates. Alternatively, Ashford LLC will pay the consultant's fees and will have the option to provide the services or product at the market rates determined by the consultant should the consultant find that the proposed pricing was above market rates.

To minimize conflicts between us and Ashford LLC on matters arising under the advisory agreement, the Company's Corporate Governance Guidelines provide that any waiver, consent, approval, modification, enforcement matters or elections which the Company may make pursuant to the terms of the advisory agreement shall be within the exclusive discretion and control of a majority of the independent members of our board of directors (or higher vote thresholds specifically set forth in such agreements). In addition, our board



of directors has established a Related Party Transactions Committee composed solely of independent members of our board of directors to review all related party transactions that involve conflicts. The Related Party Transactions Committee may make recommendations to the independent members of our board of directors (including rejection of any proposed transaction). All related party transactions are approved by either the Related Party Transactions Committee or the independent members of our board of directors.

## Hotel Management Agreements

### General

To qualify as a REIT, we cannot directly or indirectly operate any of our hotel properties. Third parties must operate our hotel properties. Our hotel properties are leased to TRS lessees (except for The Ritz-Carlton St. Thomas, which is owned by a TRS), which in turn have engaged hotel managers to manage our hotel properties. Each of our hotel properties, other than the

Pier House Resort & Spa, the Bardessono Hotel and Spa, Hotel Yountville and **Mr. C Cameo Beverly Hills Hotel** (which are operated by Remington **Hotels Hospitality**), are operated pursuant to a hotel management agreement with one of five independent hotel management companies: (1) Hilton Management LLC, (2) Marriott Hotel Services, **Inc. LLC** (or its affiliates, The Ritz-Carlton Hotel Company, L.L.C., Ritz-Carlton (Virgin Islands), Inc., and Luxury Hotels International of Puerto Rico, Inc.) (3) Four Seasons, (4) Accor, and (5) Hyatt. **"Hilton"** is a registered trademark of Hilton International Holding LLC. **"Marriott"** is a registered trademark of Marriott International, Inc. **"Autograph Collection"** is a registered trademark of Marriott International, Inc. **"The Ritz-Carlton"**, **"Ritz-Carlton"**, and **"Ritz-Carlton Reserve"** are registered trademarks of The Ritz-Carlton Hotel Company, L.L.C., an affiliate of Marriott International, Inc. **"Park Hyatt"** is a registered trademark of Hyatt Corporation. **"Four Seasons"** is a registered trademark of Four Seasons Hotels Limited. **Sofitel** is a registered trademark of affiliates of Accor.

The terms of each of the hotel management agreements, as well as any remaining extension, are set forth in the table below:

| Hotel                                  | Effective Date | Expiration Date | Extension Options By Manager               |
|----------------------------------------|----------------|-----------------|--------------------------------------------|
| Hilton La Jolla Torrey Pines           | 12/17/2003     | 12/31/2033      | Two 10-year options                        |
| Capital Hilton                         | 12/17/2003     | 12/31/2033      | Two 10-year options                        |
| Marriott Seattle Waterfront            | 5/23/2003      | 12/31/2028      | Five 10-year options                       |
| The Clancy                             | 10/1/2020      | 12/31/2027      | Five 5-year options                        |
| The Notary Hotel                       | 7/16/2019      | 12/31/2041      | Two 10-year options                        |
| The Ritz-Carlton Sarasota              | 1/1/2015       | 12/31/2030      | Two 10-year options                        |
| Sofitel Chicago Magnificent Mile       | 3/30/2006      | 12/31/2030      | Three 10-year options                      |
| Pier House Resort & Spa                | 11/6/2019      | 11/06/2029      | Three 7-year options and one 4-year option |
| Bardessono Hotel and Spa               | 11/6/2019      | 11/06/2029      | Three 7-year options and one 4-year option |
| The Ritz-Carlton St. Thomas            | 12/15/2015     | 12/31/2065      | Two 10-year options                        |
| Park Hyatt Beaver Creek Resort & Spa   | 12/11/1987     | 12/31/2029      | One 10-year option                         |
| Hotel Yountville                       | 11/6/2019      | 11/06/2029      | Three 7-year options and one 4-year option |
| The Ritz-Carlton Lake Tahoe            | 3/28/2006      | 12/31/2034      | Two 10-year options                        |
| <b>Mr. C Cameo Beverly Hills Hotel</b> | 8/5/2021       | 08/05/2031      | Three 7-year options and one 4-year option |
| The Ritz-Carlton Reserve Dorado Beach  | 7/30/2008      | 12/31/2042      | Two 10-year options                        |
| Four Seasons Resort Scottsdale         | 3/29/1996      | 12/31/2039      | Two 20-year options                        |

Each hotel management company receives a base management fee (expressed as a percentage of gross revenues) ranging from 3.0%–5.0%, as well as an incentive management fee calculated as a percentage of hotel operating income, in certain cases after funding of certain requirements, including the capital renewal reserve, and in certain cases after we have received a priority return on our investment in the hotel (referred to as the owner's priority), as summarized in the chart below:

| Hotel                        | Management Fee <sup>(1)</sup> | Incentive Fee                                                                                  | Marketing Fee                                             | Owner's Priority <sup>(2)</sup>   | Owner's Investment <sup>(2)</sup> |
|------------------------------|-------------------------------|------------------------------------------------------------------------------------------------|-----------------------------------------------------------|-----------------------------------|-----------------------------------|
| Hilton La Jolla Torrey Pines | 3%                            | 20% of operating cash flow (after deduction for capital renewals reserve and owner's priority) | Reimbursement of hotel's pro rata share of group services | 11.5% of owner's total investment | \$117,465,746                     |
| Capital Hilton               | 3%                            | 20% of operating cash flow (after deduction for capital renewals reserve and owner's priority) | Reimbursement of hotel's pro rata share of group services | 11.5% of owner's total investment | \$140,076,304                     |

| Hotel | Management Fee <sup>(1)</sup> | Incentive Fee | Marketing Fee | Owner's Priority <sup>(2)</sup> | Owner's Investment <sup>(2)</sup> |
|-------|-------------------------------|---------------|---------------|---------------------------------|-----------------------------------|
|       |                               |               |               |                                 |                                   |

|                                      |                                                                                                                            |                                                                                                                                                                                                                                                                                                                  |                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                |                |
|--------------------------------------|----------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| Marriott Seattle Waterfront          | 3%                                                                                                                         | After payment of owner's 1st priority, remaining operating profit is split between owner and manager, such that manager receives 30% of remaining operating profit that is less than the sum of \$15,113,000 plus 10.75% of owner-funded capital expenses, and 50% of the operating profit in excess of such sum | Reimbursement of the hotel's pro rata share of chain services, capped at 2.2% of gross revenues per fiscal year | Owner's 1st Priority: 10.75% of owner's investment<br>Owner's 2nd Priority: After payment of the owner's 1st priority, remaining operating profit is split between owner and manager, such that owner receives 70% of remaining operating profit that is less than the sum of \$15,113,000 plus 10.75% of owner-funded capital expenses, and 50% of the operating profit in excess of such sum | \$89,732,668   |
| The Clancy                           | 5%                                                                                                                         | 50% of the excess of operating profit (after deduction for contributions to the FF&E reserve) over owner's priority up to the Spread Threshold of \$3,000,000, reduced to 25% for Operating Profit exceeding the Spread Threshold.                                                                               | 1.5% of gross room sales                                                                                        | \$12,279,659, plus 11.5% of owner funded capital expenses                                                                                                                                                                                                                                                                                                                                      | Not applicable |
| The Notary Hotel                     | 4%                                                                                                                         | 20% of the excess of operating profit over owner's priority                                                                                                                                                                                                                                                      | 1.5% of gross room sales                                                                                        | 2021 and after: \$8,938,867 Plus 10.25% of owner-funded capital expenditures after the effective date, the amount of reserve shortfalls funded by Owner after the effective date, and the amount of owner-funded capital expenditures spent for completion of the conversion of the hotel to The Notary Hotel, up to \$18,000,000                                                              | Not applicable |
| Sofitel Chicago Magnificent Mile     | 3%                                                                                                                         | 20% of the amount by which the hotel's annual net operating income exceeds a threshold amount (equal to 8% of our total investment in the hotel), capped at 2.5% of gross hotel revenues                                                                                                                         | 2% of gross hotel revenues                                                                                      | \$13,664,662 plus 8% of all expenditures to fund capital improvements                                                                                                                                                                                                                                                                                                                          | Not applicable |
| Pier House Resort & Spa              | Greater of \$16,294 monthly or 3%                                                                                          | The lesser of 1% of gross revenues or the amount by which actual house profit exceeds budgeted house profit                                                                                                                                                                                                      | Not applicable                                                                                                  | Not applicable                                                                                                                                                                                                                                                                                                                                                                                 | Not applicable |
| Bardessono Hotel and Spa             | Greater of \$16,294 monthly or 3%                                                                                          | The lesser of 1% of gross revenues or the amount by which actual house profit exceeds budgeted house profit                                                                                                                                                                                                      | Not applicable                                                                                                  | Not applicable                                                                                                                                                                                                                                                                                                                                                                                 | Not applicable |
| The Ritz-Carlton St. Thomas          | 3.0%, comprised of a management fee of 0.4% and a royalty fee of 2.6%                                                      | 20% of the excess, if any, of Operating Profit for such Fiscal Year over owner's priority for such Fiscal Year                                                                                                                                                                                                   | 1.0% of gross revenues                                                                                          | \$8,000,000 plus 10.25% of the amount of owner-funded capital expenditures                                                                                                                                                                                                                                                                                                                     | Not applicable |
| Park Hyatt Beaver Creek Resort & Spa | Greater of 3.0% or \$2,405,544 on an annual basis (increased annually by lesser of CPI or 8% of prior year management fee) | 12.5% Profit plus 15% of Profit less the Base Fee that is in excess of \$4 million                                                                                                                                                                                                                               | Not applicable                                                                                                  | Not applicable                                                                                                                                                                                                                                                                                                                                                                                 | Not applicable |
| Hotel Yountville                     | Greater of \$16,294 monthly or 3%                                                                                          | The lesser of 1% of gross revenues or the amount by which actual house profit exceeds budgeted house profit                                                                                                                                                                                                      | Not applicable                                                                                                  | Not applicable                                                                                                                                                                                                                                                                                                                                                                                 | Not applicable |

| Hotel                        | Management Fee <sup>(1)</sup> | Incentive Fee                                                                                                                                                                                                                                                                                                    | Marketing Fee                                                                                                   | Owner's Priority <sup>(2)</sup>                                                                                                                                                                                                                                                                                                                                                                | Owner's Investment <sup>(2)</sup> |
|------------------------------|-------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|
| Hilton La Jolla Torrey Pines | 3%                            | 20% of operating cash flow (after deduction for capital renewals reserve and owner's priority)                                                                                                                                                                                                                   | Reimbursement of hotel's pro rata share of group services                                                       | 11.5% of owner's total investment                                                                                                                                                                                                                                                                                                                                                              | \$117,465,746                     |
| Capital Hilton               | 3%                            | 20% of operating cash flow (after deduction for capital renewals reserve and owner's priority)                                                                                                                                                                                                                   | Reimbursement of hotel's pro rata share of group services                                                       | 11.5% of owner's total investment                                                                                                                                                                                                                                                                                                                                                              | \$145,401,558                     |
| Marriott Seattle Waterfront  | 3%                            | After payment of owner's 1st priority, remaining operating profit is split between owner and manager, such that manager receives 30% of remaining operating profit that is less than the sum of \$15,371,744 plus 10.75% of owner-funded capital expenses, and 50% of the operating profit in excess of such sum | Reimbursement of the hotel's pro rata share of chain services, capped at 2.2% of gross revenues per fiscal year | Owner's 1st Priority: 10.75% of owner's investment<br>Owner's 2nd Priority: After payment of the owner's 1st priority, remaining operating profit is split between owner and manager, such that owner receives 70% of remaining operating profit that is less than the sum of \$15,371,744 plus 10.75% of owner-funded capital expenses, and 50% of the operating profit in excess of such sum | \$91,164,328                      |

|            |    |                                                                                                                                                                                                                                    |                          |                                                           |                |
|------------|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|-----------------------------------------------------------|----------------|
| The Clancy | 5% | 50% of the excess of operating profit (after deduction for contributions to the FF&E reserve) over owner's priority up to the Spread Threshold of \$3,000,000, reduced to 25% for Operating Profit exceeding the Spread Threshold. | 1.5% of gross room sales | \$12,429,500, plus 11.5% of owner funded capital expenses | Not applicable |
|------------|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|-----------------------------------------------------------|----------------|

| Hotel                                | Management Fee <sup>(1)</sup>                                                                                              | Incentive Fee                                                                                                                                                                                                                                                                                                                  | Marketing Fee                                                                                                                   | Owner's Priority <sup>(2)</sup>                                                                                                                                                                                                                                                                                                                   | Owner's Investment <sup>(2)</sup> |
|--------------------------------------|----------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|
| The Notary Hotel                     | 4%                                                                                                                         | 20% of the excess of operating profit over owner's priority                                                                                                                                                                                                                                                                    | 1.5% of gross room sales                                                                                                        | \$9,053,011 Plus 10.25% of owner-funded capital expenditures after the effective date, the amount of reserve shortfalls funded by Owner after the effective date, and the amount of owner-funded capital expenditures spent for completion of the conversion of the hotel to The Notary Hotel, up to \$18,000,000                                 | Not applicable                    |
| Sofitel Chicago Magnificent Mile     | 3%                                                                                                                         | 20% of the amount by which the hotel's annual net operating income exceeds a threshold amount (equal to 8% of our total investment in the hotel), capped at 2.5% of gross hotel revenues                                                                                                                                       | 2% of gross hotel revenues                                                                                                      | \$13,831,735 plus 8% of all expenditures to fund capital improvements                                                                                                                                                                                                                                                                             | Not applicable                    |
| Pier House Resort & Spa              | Greater of \$16,897.11 monthly or 3%                                                                                       | The lesser of 1% of gross revenues or the amount by which actual house profit exceeds budgeted house profit                                                                                                                                                                                                                    | Not applicable                                                                                                                  | Not applicable                                                                                                                                                                                                                                                                                                                                    | Not applicable                    |
| Bardessono Hotel and Spa             | Greater of \$16,897.11 monthly or 3%                                                                                       | The lesser of 1% of gross revenues or the amount by which actual house profit exceeds budgeted house profit                                                                                                                                                                                                                    | Not applicable                                                                                                                  | Not applicable                                                                                                                                                                                                                                                                                                                                    | Not applicable                    |
| The Ritz-Carlton St. Thomas          | 3.0%, comprised of a management fee of 0.4% and a royalty fee of 2.6%                                                      | 20% of the excess, if any, of Operating Profit for such Fiscal Year over owner's priority for such Fiscal Year                                                                                                                                                                                                                 | 1.0% of gross revenues                                                                                                          | \$10,634,277 plus 10.25% of the amount of owner-funded capital expenditures                                                                                                                                                                                                                                                                       | Not applicable                    |
| Park Hyatt Beaver Creek Resort & Spa | Greater of 3.0% or \$2,487,332 on an annual basis (increased annually by lesser of CPI or 8% of prior year management fee) | 12.5% Profit plus 15% of Profit less the Base Fee that is in excess of \$4 million                                                                                                                                                                                                                                             | Not applicable                                                                                                                  | Not applicable                                                                                                                                                                                                                                                                                                                                    | Not applicable                    |
| Hotel Yountville                     | Greater of \$16,897.11 monthly or 3%                                                                                       | The lesser of 1% of gross revenues or the amount by which actual house profit exceeds budgeted house profit                                                                                                                                                                                                                    | Not applicable                                                                                                                  | Not applicable                                                                                                                                                                                                                                                                                                                                    | Not applicable                    |
| The Ritz-Carlton Sarasota            | 3%                                                                                                                         | 20% of Available cash flow defined as Net Operating Income minus the owner's priority                                                                                                                                                                                                                                          | 1% of gross hotel revenues for each fiscal year, excluding member dues, initiation, or joining fees or deposits of Club members | \$7,465,000 7,471,325 plus 10.25% of the amount of future owner-funded capital expenditures                                                                                                                                                                                                                                                       | Not applicable                    |
| The Ritz-Carlton Lake Tahoe          | 3%                                                                                                                         | The sum of (i) 15% of the amount by which Adjusted House Profit ("AHP") for such Fiscal Year exceeds the owner's priority; provided, however, that in no event shall the total, aggregate sum of the Base Fee and the Incentive Fee paid to Operator in any given Fiscal Year exceed 6% of gross revenues for such Fiscal Year | 1% of gross revenues for each fiscal year                                                                                       | \$8,208,965.08 8,226,742.04 plus 10% of the amount of certain owner-funded renovation expenditures, plus 10% of any other owner-funded capital expenditures after 1/1/2022 that were approved by manager, plus a varying additional credit based on the number of condominium units (which are to be constructed) in the voluntary rental program | Not applicable                    |

| Hotel                                        | Management Fee <sup>(1)</sup>                                                | Incentive Fee                                                                                                                                                                                                                                                                                                                                                                           | Marketing Fee                                                       | Owner's Priority <sup>(2)</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Owner's Investment <sup>(2)</sup> |
|----------------------------------------------|------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|
| Mr. C Cameo<br>Beverly Hills Hotel           | Greater of<br>\$16,294 \$16,897.11<br>monthly or 3%                          | The lesser of 1% of gross revenues or the amount<br>by which actual house profit exceeds budgeted<br>house profit                                                                                                                                                                                                                                                                       | Not applicable                                                      | Not applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Not applicable                    |
| The Ritz-Carlton<br>Reserve Dorado<br>Beach  | 3%, comprised of a<br>management fee of<br>0.4% and a royalty<br>fee of 2.6% | \$250,000 if Net House Profit exceeds Owner's<br>Priority plus 20% of the excess of Net House<br>Profit over Owner's Priority with annual true-up                                                                                                                                                                                                                                       | 1% of Gross Revenues<br>plus allocation of<br>reimbursable expenses | \$11,670,000 14,351,404 plus (a) 11% of any<br>operating losses funded by owner, plus (b)<br>11% of certain non-routine capital<br>expenditures incurred by manager and certain<br>non-routine owner-funded capital<br>expenditures, plus (c) \$100,000 time the<br>number of condominium units in the voluntary<br>rental program at the beginning of each FY,<br>plus (d) an amount negotiated at the<br>beginning of each year for the West Beach<br>Estates and East Beach Villas participating in<br>the standard and flexible voluntary rental<br>program | Not applicable                    |
| Four Seasons<br>Resorts Resort<br>Scottsdale | 3%                                                                           | 7.5% of the amount of operating profit (after<br>deducting property taxes, insurance premiums,<br>and expenditures from the capital reserve) for a<br>particular period, minus the Hurdle Amount<br>applicable for the same period. If there is a<br>negative incentive fee in any year, the negative<br>balance will carry forward and operate as a hurdle<br>to future incentive fees | 1.47% of budgeted gross<br>revenues.                                | \$10,499,207 18,669,193.11 (to be reduced to<br>zero in January 1, 2033) plus 11.5% of<br>Additional Capital after January 1, 2018 in<br>excess of the FF&E Reserve. (Any ). Any<br>Additional Capital will be reduced to zero 15<br>years after made).made.                                                                                                                                                                                                                                                                                                    | Not applicable                    |

<sup>(1)</sup> Management fee is expressed as a percentage of gross hotel revenue.

<sup>(2)</sup> Owner's priority and owner's investment amounts disclosed in the table are based on the most recent certification provided to us by the applicable manager. For some properties these amounts will continue to increase over time by the amount of additional owner-funded capital expenses.

The hotel management agreements allow each hotel to operate under the Marriott, Autograph Collection, The Ritz-Carlton, Ritz-Carlton Reserve, Hilton, Four Seasons, Sofitel, and Park Hyatt brand names, as applicable, and provide benefits typically associated with franchise agreements, including, among others, the use of the Marriott's (or its affiliates), Hilton's (or its affiliates), Four Seasons' (or its affiliates), Accor's (or its affiliates), or Hyatt's (or its affiliates), as applicable, reservation system and guest loyalty and reward program. Any intellectual property and trademarks of Marriott (or its affiliates, including, without limitation, The Ritz-Carlton), Hilton (or its affiliates), Four Seasons (or its affiliates), Accor (or its affiliates), or Hyatt (or its affiliates), as applicable, are exclusively owned and controlled by the applicable manager or an affiliate of such manager who grants the manager rights to use such intellectual property or trademarks with respect to the applicable hotel.

Below is a summary of the principal terms of the hotel management agreements with Marriott (or its affiliates), Hilton, Accor, Hyatt, Four Seasons, and Remington Hotels. Hospitality.

#### Marriott Management Agreements

**Term.** The remaining base term of each of our seven management agreements with Marriott (or its affiliates) ranges from approximately 54 to 43 42 years, expiring between December 31, 2027 and December 31, 2065. Each of these agreements has remaining automatic extension options at the discretion of the manager, ranging from two 10-year extensions to five 10-year extensions.

**Events of Default.** An "Event of Default" under the hotel management agreements with Marriott (or its affiliates) is generally defined to include the bankruptcy or insolvency of either party, the failure to make a payment under the hotel management agreement and failure to cure such non-payment after due notice, and a breach by either party of any other covenants or obligations in the hotel management agreement which continues beyond the applicable notice and cure period.

**Termination Upon Event of Default.** A non-defaulting party may terminate the hotel management agreement upon an Event of Default (as defined in the applicable hotel management agreement) generally after the expiration of any notice and cure periods; provided, however, the hotel management agreement may not be terminated by the non-defaulting party unless and until such Event of Default has a material adverse effect on the non-defaulting party. In the case of The Notary Hotel, The

Clancy, and The Ritz-Carlton Reserve Dorado Beach, if the defaulting party contests such Event of Default or such material adverse effect, the non-defaulting party may not terminate unless a court of competent jurisdiction has issued a final, binding and non-appealable order finding that the Event of Default has occurred and that the default resulted in a material adverse effect.

**Early Termination for Casualty.** The termination provisions for our Marriott-managed hotel properties after casualty are summarized as follows:

- If the hotel suffers a total casualty (meaning the cost of the damage to be repaired or replaced would be equal to 30% or more of the then-total replacement cost in the case of the Marriott Seattle Waterfront, 33% or more of the then replacement cost in the case of The Ritz-Carlton Lake Tahoe and The Ritz-Carlton Sarasota, and 60% or more of the then-total replacement cost in the case of The Ritz-Carlton St. Thomas, The Ritz-Carlton Reserve Dorado Beach, The Clancy and The Notary Hotel), then either party may terminate the hotel management agreement.

**Early Termination for Condemnation.** If all or substantially all of the hotel (meaning 1/3 or more of the replacement cost therefor with respect to The Ritz-Carlton Lake Tahoe and The Ritz-Carlton Sarasota and 50% or more of the replacement value of the hotel with respect to The Ritz-Carlton St. Thomas) is taken in any condemnation or similar proceeding, or a portion of the hotel is so taken, and the result is that it is unreasonable to continue to operate the hotel in accordance with the hotel management agreement, the hotel management agreement shall terminate (provided, however, with respect to The Ritz-Carlton Lake Tahoe and The Ritz-Carlton Sarasota the hotel management agreement will be terminated at our option or the manager's option, and with respect to The Clancy and The Notary Hotel, the hotel management agreement will be terminated only at the manager's option).

**Performance Termination.** All of the hotel management agreements with Marriott (or its affiliates) are structured to provide us with a right to terminate the hotel management agreement without the payment of a termination fee if the manager fails to achieve certain criteria relating to the performance of the applicable hotel. The performance period is measured with respect to any two consecutive fiscal years. The performance criteria generally includes each of the following: (i) operating profit for each such fiscal year is less than the applicable performance termination threshold (as defined in the hotel management agreement), which, (a) in the case of Marriott Seattle Waterfront is 9.5% of the approximate total investment in the hotel, (b) in the case of The Clancy is 82.6% of the owner's priority return (as defined in the hotel management agreement), (c) in the case of The Notary Hotel is 85% of the owner's priority return (as defined in the hotel management agreement), (d) in the case of The Ritz-Carlton St. Thomas is \$6,000,000, *plus* 85% of 10.25% of owner-funded capital expenditures incurred after November 20, 2019, (e) in the case of The Ritz-Carlton Sarasota is \$6,000,000, (f) in the case of The Ritz-Carlton Lake Tahoe is \$7,200,000 minus (b) (i) the annual amount of certain shared facilities expenses relating to offsite parcels that are deemed to gross operating expenses for a fiscal year, and (g) in the case of Dorado Beach, a Ritz-Carlton Reserve, it is 75% of the owner's priority return (as defined in the hotel management agreement), (ii) the RevPAR penetration index of the hotel during each such fiscal year is less than the revenue index threshold (as such terms are defined in the hotel management agreements) which ranges from 0.65 to 1.80 (this item is currently being negotiated for Dorado Beach, a Ritz-Carlton Reserve), and (iii) the fact that the criteria set forth in (i) or (ii) is not the result of certain disruptive events, such force majeure, major renovation, or any default by us under the hotel management agreement. The manager has a right to avoid a performance termination by paying to us the total amount by which the operating profit for each of the fiscal years in question was less than the performance termination threshold for such fiscal years, or in the case of The Notary Hotel and The Clancy, by waiving base management fees (and, with respect to The Ritz-Carlton St. Thomas, certain royalty fees owed to Marriott Switzerland Licensing Company S.ar.L (St. Kitts & Nevis Branch)) until such time as the total amount of waived base management fees

equals the shortfall of operating profit for each of the fiscal years in question to the performance termination threshold for such fiscal years.

**Limitation on Termination Rights.** Our ability to exercise termination rights is subject to certain limitations if the manager or any of its affiliates are providing certain credit enhancements, loans or fundings as described in the hotel management agreement, or in certain cases, if manager's incentive management fee is outstanding.

**Assignment and Sale.** Each management agreement with Marriott (or its affiliates) contains restrictions on our ability to sell the applicable hotel property or engage in certain change of control actions if (i) we are in default under the hotel management agreement, (ii) the transferee is known to be of bad moral character or has been convicted of a felony or is in control of or is controlled by persons who have been convicted of felonies, (iii) the transferee does not (in the reasonable judgment of manager) have sufficient financial resources and liquidity to fulfill the owner's obligations under the hotel management agreement, (iv) the transferee has an ownership interest, either directly or indirectly, in a brand or group of hotels that competes with the manager or any affiliate thereof, or (v) the transferee is a person designated by the U.S. Department of Treasury's Office of Foreign Assets Control or other governmental entity from to time as a "specially designated national or blocked person" or similar status, is a person described in Section 1 of U.S. Executive Order 13224, or is a person otherwise identified by any government or legal authority as being someone with whom Marriott is prohibited from transacting business.

The management agreements with Marriott (or its affiliates) may have additional restrictions on our ability to sell the applicable hotel property or engage in certain change of control actions. Any sale of the property (which includes any equity transfer, whether directly or indirectly) is subject to certain conditions, including the provision of notice of such sale to the manager.

**Right of First Offer.** All of the management agreements with Marriott (or its affiliates) (except for the management agreement for The Ritz-Carlton Lake Tahoe) provide the manager with a right of first negotiation with respect to a sale of the hotel (which includes the equity transfer of a controlling interest in the owner of the hotel property, whether directly or indirectly). A sale or transfer to an affiliate is specifically excluded from this right (except in the management agreement for The Ritz-Carlton Sarasota). After notice of a proposed sale to the manager, we have a specified time period, ranging from 10 business days to 60 days, to negotiate an acceptable purchase and sale agreement. If after such time period no agreement is signed, we are free to sell or lease the hotel to a third party, subject to certain conditions, such as providing notice of sale to the manager (with certain details regarding the terms of sale). The manager then has a specified time period, ranging from 15 to 45 days, depending on our compliance with the assignment and sale provisions above, to either consent to such sale or not consent to such sale. If the manager does not timely respond or consents to such sale, certain of the management agreements provide that the sale must occur 180 days after provision of the notice of sale (the management agreement for The Ritz-Carlton St. Thomas also requires that the sale must occur within 15 months after the manager's 30-day negotiation period if the manager makes an offer acceptable to us pursuant to the manager's right of first offer; The Ritz-Carlton Sarasota management agreement requires that the sale must occur within 365 days after the manager's receipt of our original notice pertaining to the manager's right of first offer and offer; The Notary Hotel and The Clancy management agreements require that the sale must occur within one year after the expiration of the right of first negotiation period; the The Ritz-Carlton Reserve Dorado Beach management agreements requires that the sale must occur within 18 months after the 30-day right of first negotiation period) or the notice of sale is deemed void and we must provide a new notice to the manager.

#### **Hilton Management Agreements**

**Term.** The base term of each of our two management agreements with Hilton (or its affiliates) was 10 years, expiring December 31, 2013. All of these agreements have been extended through December 31, 2033, and all of these agreements have three two 10-year automatic extension options remaining, at the discretion of the manager.

**Events of Default.** An "Event of Default" under the hotel management agreements with Hilton (or its affiliates) is generally defined to include the bankruptcy or insolvency of either party, the failure to make a payment under the hotel management agreement and failure to cure such non-payment after due notice, a breach by either party of any other covenants or obligations in the hotel management agreement which continues beyond the applicable notice and grace period, failure to maintain certain alcohol licenses and permits

under certain circumstances, failure by us to provide manager with sufficient working capital to operate the hotel after due notice and a termination of our operating lease due to our default under the operating lease.

**Termination Upon Event of Default.** If an event of default occurs and continues beyond any applicable notice and cure periods set forth in the hotel management agreement, the non-defaulting party generally has, among other remedies, the option of terminating the applicable hotel management agreement upon written notice to the defaulting party.

**Performance Termination.** Each of the management agreements with Hilton (or its affiliates) provide us with a right to terminate the hotel management agreement without the payment of a termination fee if the manager fails to achieve certain

criteria relating to the performance of the applicable hotel. The performance period is measured with respect to any two consecutive fiscal years. The performance criteria are: (i) the hotel's operating cash flow (before deducting our priority return) does not equal or exceed 85% of our priority return (as defined in the hotel management agreement); and (ii) the hotel's yield index is below the base yield index (as such terms are defined in the hotel management agreement), which is 90%. The manager has a right to avoid a performance termination by paying to us an amount within 30 days of due notice equal to the deficiency set forth in (i) above to cure such performance default, but in no event may the manager exercise such cure with respect to more than four full operating years during the initial term or with respect to more than four full operating years during any single extension term. The amount of any shortfall payable by manager to us shall be reduced to the extent of any portion attributable to a force majeure event, performance of certain capital renewals and major capital improvements adversely affecting a material portion of the income generating areas of the hotel, or certain uncontrollable expenses that could not have been reasonably anticipated by the manager.

**Early Termination for Casualty.** If an applicable hotel is substantially damaged by fire or other casualty such that it cannot be restored within 240 days, or if our lender doesn't provide adequate insurance proceeds to restore the hotel, we may terminate the hotel management agreement. If we undertake to restore the hotel or if we are required to restore the hotel because it was not substantially damaged and fail to commence such repairs within 60 days of receiving sufficient insurance proceeds to complete such work, or fail to complete such repairs within 240 days of the casualty, the manager may terminate the agreement.

We have no obligation to restore the premises, however, if the casualty occurs in the last five years of the third renewal term or thereafter.

**Early Termination for Condemnation.** If all or substantially all of the applicable hotel is taken in any condemnation or similar proceeding which, in our reasonable opinion, makes it infeasible to restore or continue to operate the hotel in accordance with the hotel management agreement, the hotel management agreement shall terminate. If it is reasonably feasible to restore the premises and operate the hotel and we fail to complete the restoration within two years of the taking, the manager may terminate the agreement. We have no obligation to restore the premises, however, if the taking occurs in the last five years of the third renewal term or thereafter.

**Assignment and Sale.** Each management agreement with Hilton (or its affiliates) provides that we cannot sell the applicable hotel to any unrelated third party, which includes the transfer of an equity interest, or engage in certain change of control actions (i) if such party has an ownership interest, either directly or indirectly, in a brand of hotels totaling at least 10 hotels and such brand competes with the manager or any affiliate thereof; (ii) if such party is known to be of ill repute or an unsuitable business associate (per gaming industry regulations where the manager holds a gaming license); (iii) if such party does not have the ability to fulfill our financial obligations under the hotel management agreement; or (iv) if certain conditions are not satisfied, including cure of any existing or potential defaults, receipt of evidence of proper insurance coverage, payment of fees and expenses which will accrue to the manager through the date of closing, and provision of sufficient notice of the contemplated sale to the manager.

**Right of First Offer.** Each of the management agreements with Hilton (or its affiliates) provides the manager with a right of first negotiation with respect to a sale of the hotel (which includes any equity transfer, whether directly or indirectly) or lease of the hotel (if applicable). After notice of a proposed sale or lease to the manager, the manager has 30 days to elect or decline to exercise its right to purchase or lease. If the manager makes an election to purchase or lease, the parties have 30 days to execute an agreement for purchase (or lease, if applicable) and an additional 30 days to consummate the purchase or lease (if applicable). If the manager declines to exercise its right to purchase or lease, the sale or lease must occur within 180 days at greater than 90% of the price or the notice of sale must be renewed to manager.

#### **Four Seasons Management Agreement**

**Term.** The base term of our management agreement with Four Seasons was 20 years, expiring December 31, 2019. It has been extended through December 31, 2039, and Four Seasons has two 20-year automatic extension options remaining, at the discretion of the manager.

**Events of Default.** An "event of default" under the hotel management agreement with Four Seasons is generally defined to include the bankruptcy or insolvency of either party, the failure to make a payment under the hotel management agreement and failure to cure such non-payment after due notice, a breach by either party of any material covenants or obligations in the hotel management agreement which continues beyond the applicable notice and grace period.

**Termination Upon Event of Default.** If an event of default occurs and continues beyond any applicable notice and cure periods set forth in the hotel management agreement, the non-defaulting party generally has, among other remedies, the option of terminating the applicable hotel management agreement upon written notice to the defaulting party.

**Performance Termination.** The hotel management agreement with Four Seasons provides us with a right to terminate the hotel management agreement without the payment of a termination fee if the manager fails to achieve certain criteria relating to the performance of the applicable hotel. The performance period is measured with respect to any two consecutive fiscal years. The performance criteria are: (i) the hotel's RevPAR for such fiscal years is less than the RevPAR of the top three hotels (a) having substantially the same number of rooms as the Four Seasons Resort Scottsdale, (b) located in the Phoenix metropolitan area, (c) having substantially similar operating philosophy and components as the Four Seasons Resort Scottsdale, and (d) competing for substantially similar market segments as the Four Seasons Resort Scottsdale during the same fiscal years (ranked in terms of achieved room revenue); and (ii) the gross operating profit for the Four Seasons Resort Scottsdale is less than 80% of the amount of budgeted gross operating profit. Four Seasons has a right to avoid a performance termination by paying to us an amount equal to the amount by which the Four Seasons Resort Scottsdale failed to achieve 80% of budgeted gross operating profit for either or both of the fiscal years during the test period, but if Four Seasons pays such amount with respect to only one fiscal year of the applicable test period, the other fiscal year in the test period and the fiscal year immediately following the applicable test period will be deemed to constitute the next test period.



Four Seasons may not exercise its cure right twice during each 20-year extension term. Notwithstanding the foregoing, we will not have the right to terminate this agreement if during either fiscal year during an applicable test period, one or more of the following events occurs and, in their totality, after giving effect to proceeds received from any applicable business interruption insurance, they adversely affect gross operating

profit or RevPAR: casualty, condemnation, a force majeure event, a capital refurbishing program affecting 20% or more of the Four Seasons Resort Scottsdale.

**Early Termination for Casualty.** If the Four Seasons Resort Scottsdale is damaged by fire or other casualty and the cost to repair, rebuild, or replace the hotel that is not covered by insurance would exceed 20% of the replacement cost of the hotel, then we may terminate the hotel management agreement. We may also terminate the hotel management agreement if the casualty occurs in the last five years of the last extension term and the cost to repair, rebuild, or replace the hotel is estimated to exceed 20% of the replacement cost of the hotel. Operator may have the right to reinstate the hotel management agreement if Owner commences the repair, rebuilding, or replacement of the hotel within five years after the termination of the hotel management agreement as a result of a fire or other casualty.

**Early Termination for Condemnation.** If all or substantially all of the Four Seasons Resort Scottsdale is taken in any condemnation or similar proceeding which, in ours and Four Season's opinion, makes it imprudent or unreasonable to continue to operate the remaining portion of the hotel in accordance with the hotel management agreement, the hotel management agreement shall terminate.

**Assignment and Sale.** The hotel management agreement with Four Seasons provides that we cannot, without Four Seasons' prior written consent, sell, assign, transfer, or otherwise dispose of the Four Seasons Resort Scottsdale, which includes the transfer of an equity interest, or engage in certain change of control actions, if the buyer, assignee, transferee, or other recipient (i) is, or is an affiliate of, an individual or entity (either on its own or in conjunction with its affiliates) that has as a primary business (a) the operation and management of hotels or resorts, (b) the ownership and operation and management of hotels and resorts, or (c) the ownership of hotels or resorts on an active basis (as distinguished from the ownership of hotels or resorts on a passive basis) and can be foreseen to be a competitor of Four Season or any of its affiliates in the operation and management of hotels or resorts; (ii) does not have adequate financial capacity to perform its obligations under hotel management agreement; (iii) is of ill repute; or (iv) is in any other manner an individual or entity with whom or with which a prudent business person would not wish to associate in a commercial venture.

#### **Accor Management Agreement**

In connection with our acquisition of the Sofitel Chicago Magnificent Mile, our TRS lessee, as lessee of the hotel, assumed a management agreement (as amended, the "Accor management agreement") with Accor that allows us to operate under the Sofitel brand name and utilize Accor's services and experience in connection with the management and operation of the Sofitel Chicago Magnificent Mile. The material terms of the Accor management agreement are summarized as follows:

**Term.** The initial term of the Accor management agreement expires on December 31, 2030 and automatically renews for three consecutive 10-year renewal terms, unless the manager terminates the agreement by written notice at least 180 days prior to the expiration of the then-current term.

**Events of Default.** An "Event of Default" is generally defined to include the failure to make a payment under the Accor management agreement and failure to cure such non-payment after the applicable notice and cure period, the bankruptcy or insolvency of either party, a failure by either party to maintain at all times all of the insurance required to be maintained by such party and failure to cure such default after the applicable notice and cure period, the failure by either party to perform any of the material covenants in the Accor management agreement which continues beyond the applicable notice and cure period and a transfer of the Accor management agreement by either party in violation of the provisions of the Accor management agreement.

The occurrence of an Event of Default prevents the defaulting party from transferring the Accor management agreement without the consent of the non-defaulting party.

**Termination.** A non-defaulting party may terminate the Accor management agreement if the defaulting party (i) has breached any material representation or fails to perform any material provision of the Accor management agreement or (ii) becomes insolvent or bankrupt, in each case after the expiration of any applicable notice and cure period. In addition, the manager may terminate the Accor management agreement if we default under a mortgage relating to the hotel and fail to cure such default within the times provided.

**Performance Termination.** We have the right to terminate the Accor management agreement without the payment of a termination fee if the manager fails to achieve certain criteria relating to the performance of the hotel managed by Accor. The performance period is measured with respect to any two consecutive operating years. The performance criteria are: (i) the RevPAR for the hotel is less than 90% of the RevPAR for the hotel's competitive set for each such operating year and (ii) the adjusted net operating income (meaning the net operating income less the hurdle amount of approximately \$10.5 million plus 8% of any amounts we spent on capital expenditures) is a negative number (i.e. less than zero) for each such operating year, provided that for any operating year in which the operation of the hotel is materially and adversely affected by a force majeure

event, a refurbishing program or major capital improvements, the RevPAR for the hotel and the adjusted net operating income for such operating years shall be adjusted equitably. The manager will have a right up to three times in any eight-year period to avoid a performance termination by paying to us a cure amount that equals, for any operating year, the lower of (i) the amount by which the adjusted net operating income is less than zero and (ii) the amount that we would have been entitled to receive as a distribution from the hotel had the hotel not had a RevPAR shortfall.

**Early Termination for Condemnation.** If all of the hotel, or a portion of the hotel that in our reasonable opinion makes it imprudent or unsuitable to use and operate the remaining portion of the hotel in accordance with the standards maintained by the Sofitel brand, is taken in any condemnation or similar proceeding, we may terminate the Accor management agreement.

**Early Termination for Casualty.** If a material part of the hotel is damaged or destroyed by fire or other casualty, then we may terminate the Accor management agreement and elect not to restore the hotel. If we elect to restore the hotel, we must commence such process within 120 days after the date of the casualty and diligently proceed with the restoration of the hotel so that it meets the standards maintained by the Sofitel brand. If we fail to complete the restoration within two years after the date of the casualty, then for so long as such failure continues, the manager may terminate the Accor management agreement. If we or the manager terminate the Accor management agreement because of a

casualty, or if we have not restored the hotel and desire to lease or sell it, we must first offer to sell the hotel to the manager. If we repair, rebuild or replace the premises within five years, the manager may reinstate the Accor management agreement.

**Assignment and Sale.** So long as we are not in default under the Accor management agreement and any advances made by the manager on our behalf would be repaid in connection with the sale, we may sell the Sofitel Chicago Magnificent Mile and assign the Accor management agreement (including as a result of a change of control) without the consent of the manager to any of our affiliates or to any person that (i) is not a competitor of the manager (as defined in the Accor management agreement), (ii) is not generally recognized in the community as being a person of ill repute or with whom a prudent business person would not wish to associate in a commercial venture, and (iii) has a minimum net worth required by the Accor management agreement, if the assignee expressly assumes the Accor management agreement.

**For recent developments regarding the Accor management agreement, see "Item 3. Legal Proceedings."**

#### **Park Hyatt Beaver Creek Resort & Spa Management Agreement**

**Term.** The term of the Park Hyatt Beaver Creek Resort & Spa management agreement was 30 years, expiring December 31, 2019. This management agreement has been extended through December 31, 2029, and has one 10-year extension option remaining, at the discretion of the manager.

**Events of Default.** An "Event of Default" under the Park Hyatt Beaver Creek Resort & Spa hotel management agreement is generally defined to include the failure to make a payment under the hotel management agreement and failure to cure such non-payment after due notice and a breach by either party of any other covenants or obligations in the hotel management agreement which continues beyond the applicable notice and grace period.

**Termination Upon Event of Default.** If an event of default occurs and continues beyond any applicable notice and cure periods set forth in the hotel management agreement, the non-defaulting party generally has, among other remedies, the option of terminating the applicable hotel management agreement upon 15 days' written notice to the defaulting party.

**Early Termination for Casualty.** If the applicable hotel is substantially damaged by fire or other casualty, and if, in connection with any casualty, the cost of restoring the hotel equals or exceeds 25% of the replacement cost of the hotel in the case that the casualty is covered by insurance, or 10% of the replacement cost of the hotel in the case that the casualty is not covered by insurance, then we may elect, by providing notice to Hyatt within 90 days of the occurrence of the casualty to not restore the hotel and to terminate the agreement.

**Early Termination for Eminent Domain.** If all or substantially all of the hotel is taken in any eminent domain procedure so as to render the hotel untenable, we have the right to terminate the agreement upon 90 days' prior written notice to Hyatt.

**Assignment and Sale.** The agreement provides that we cannot sell or assign our interest in the hotel without the prior approval of Hyatt, which shall not be unreasonably withheld. Hyatt's approval of a sale or assignment is based on the following factors: (i) the ability of the prospective assignee to fulfill the financial obligations of the owner of the hotel; (ii) the integrity and business reputation of the prospective assignee; and (iii) any potential conflicts of interest which may arise in connection with the assignment. Pursuant to the agreement, an assignment is deemed to have occurred if more than 40% of the beneficial ownership of the owner of the hotel is transferred.

#### **Remington Hotels Hospitality Master Hotel Management Agreement**

**General.** In 2013, we entered into a master hotel management agreement with Remington Lodging governing the terms of Remington Lodging's provision of hotel management services and design and construction services with respect to hotels owned or leased by us. In connection with Ashford Inc.'s acquisition of Premier from Remington Lodging in August 2018, we amended and restated the original master hotel management agreement to provide only for hotel management services to be provided to our TRS lessees by Remington Lodging by entering into the Amended and Restated Hotel Master Management Agreement dated as of August 8, 2018, which agreement we refer to below as the "master hotel management agreement." In connection with Ashford Inc.'s acquisition of the hotel management business of Remington Lodging on November 6, 2019, Remington Hotels Hospitality became a subsidiary of Ashford Inc., and the master hotel management agreement between Remington Hotels Hospitality and us remains in effect. Pursuant to the master hotel management agreement, Remington Hotels Hospitality currently manages the Pier House Resort & Spa, the Bardessono Hotel and Spa, Hotel Yountville and Mr. C Cameo Beverly Hills Hotel. The master hotel management agreement will also govern the management of hotels we acquire in the future that are managed by Remington Hotels Hospitality, which has the right to manage and operate hotel properties we acquire in the future unless our independent directors either (i) unanimously elect not to engage Remington Hotels Hospitality, or (ii) by a majority vote, elect not to engage Remington Hotels Hospitality because they have determined, in their reasonable business judgment, (A) special circumstances exist such that it would be in our best interest not to engage Remington Hotels Hospitality for the particular hotel, or (B) based on the prior performance of Remington Hotels Hospitality, another manager or developer could perform the management duties materially better than Remington Lodging Hospitality for the particular hotel. See "Certain Agreements—Mutual Exclusivity Agreements—Remington Hotels Hospitality Hotel Management MEA—Exclusivity Rights of Remington Hotels Hospitality." Prior to its acquisition by Ashford Inc. on November 6, 2019, Remington Lodging was owned 100% by Mr. Monty J. Bennett, chairman of our board of directors and the chairman, chief executive officer and significant stockholder of Ashford Inc. and Mr. Archie Bennett, Jr.

**Term.** The master hotel management agreement provides for an initial term of 10 years as to each hotel governed by the agreement. The term may be renewed by Remington Hotels Hospitality, at its option, subject to certain performance tests, for three successive periods of seven years each and, thereafter, a final term of four years, provided that at the time the option to renew is exercised, Remington Hotels Hospitality is not then in default under the master hotel management agreement. If at the time of the exercise of any renewal period, Remington Hotels Hospitality is in default, then the exercise of the renewal option will be conditional on timely cure of such default, and if such default is not timely cured, then our TRS lessee may terminate the master hotel management agreement regardless of the exercise of such option and without the payment of any fee or liquidated damages. If Remington Hotels Hospitality desires to exercise any option to renew, it must give our TRS lessee written notice of its election to renew the master hotel management agreement no less than 90 days before the expiration of the then current term of the master hotel management agreement.

**Amounts Payable under the Master Hotel Management Agreement.** Remington Hotels Hospitality receives a base management fee, and if the hotels meet and exceed certain thresholds, an additional incentive fee. The base management fee for each hotel will be due monthly and will be equal to the greater of:



- ~~\$16,294~~\$16,897 (increased annually based on consumer price index adjustments); or
- 3% of the gross revenues associated with that hotel for the related month.

The incentive management fee, if any, for each hotel will be due annually in arrears within 90 days of the end of the fiscal year and will be equal to the lesser of (i) 1% of gross revenues and (ii) the amount by which the actual house profit (gross operating profit of the applicable hotel before deducting management fees or franchise fees) exceeds the target house profit as set forth in the annual operating budget approved for the applicable fiscal year, except with respect to hotels where Remington Hotels Hospitality takes over management upon our acquisition, in which case, for the first five years, the incentive management fee to be paid to Remington Hotels Hospitality, if any, is the amount by which the hotel's actual house profit exceeds the projected house profit for such calendar year as set forth in our acquisition pro forma. If, however, based on actual operations and revised forecasts from time to time, it is reasonably anticipated that the incentive fee is reasonably expected to be earned, the TRS lessee will consider payment of the incentive fee pro rata on a quarterly basis.

The incentive fee is designed to encourage Remington Hotels Hospitality to generate higher house profit at each hotel by increasing the fee due to Remington Hotels Hospitality when the hotels generate house profit above certain threshold levels. Any increased revenues will generate increased lease payments under the percentage leases and should thereby benefit our stockholders.

**Termination.** The master hotel management agreement may be terminated as to one or more of the hotels earlier than the stated term if certain events occur, including:

- a sale of a hotel;
- the failure of Remington Hotels Hospitality to satisfy certain performance standards;
- for the convenience of our TRS lessee;
- a casualty to, condemnation of, or force majeure involving a hotel; or
- upon a default by Remington Hotels Hospitality or us that is not cured prior to the expiration of any applicable cure periods.

In certain cases of early termination of the master hotel management agreement with respect to one or more of the hotels, we must pay Remington Hotels Hospitality termination fees, plus any amounts otherwise due to Remington Hotels Hospitality pursuant to the terms of the master hotel management agreement. We will be obligated to pay termination fees in the circumstances described below, provided that Remington Hotels Hospitality is not then in default, subject to certain cure and grace periods:

- **Sale.** If any hotel subject to the master hotel management agreement is sold during the first 12 months of the date such hotel becomes subject to the master hotel management agreement, our TRS lessee may terminate the master hotel management agreement with respect to such sold hotel, provided that it pays to Remington Hotels Hospitality an amount equal to the management fee (both base fees and incentive fees) estimated to be payable to Remington Hotels Hospitality with respect to the applicable hotel pursuant to the then-current annual operating budget for the balance of the first year of the term. If any hotel subject to the master hotel management agreement is sold at any time after the first year of the term and the TRS lessee terminates the master hotel management agreement with respect to such hotel, our TRS lessee will have no obligation to pay any termination fees.
- **Casualty.** If any hotel subject to the master hotel management agreement is the subject of a casualty during the first year of the initial 10-year term and the TRS lessee elects not to rebuild, then we must pay to Remington Hotels Hospitality the termination fee, if any, that would be owed if the hotel had been sold. However, after the first year of the initial 10-year term, if a hotel is the subject of a casualty and the TRS lessee elects not to rebuild the hotel even though sufficient casualty insurance proceeds are available to do so, then the TRS lessee must pay to Remington Hotels Hospitality a termination fee equal to the product obtained by multiplying (i) 65% of the aggregate management fees (both base fees and incentive fees) estimated to be paid to Remington Hotels Hospitality with respect to the applicable hotel pursuant to the then-current annual operating budget (but in no event less than the management fees for the preceding full fiscal year) by (ii) nine.
- **Condemnation or Force Majeure.** If there is a condemnation of, or the occurrence of any force majeure event with respect to, any of the hotels, the TRS lessee has no obligation to pay any termination fees if the master hotel management agreement terminates as to those hotels.
- **Failure to Satisfy Performance Test.** If any hotel subject to the master hotel management agreement fails to satisfy a certain performance test, the TRS lessee may terminate the master hotel management agreement with respect to such hotel, and in such case, the TRS lessee must pay to Remington Hotels Hospitality an amount equal to 60% of the product obtained by multiplying (i) 65% of the aggregate management fees (both base fees and incentive fees) estimated to be paid to Remington Hotels Hospitality with respect to the applicable hotel pursuant to the then-current annual operating budget (but in no event less than the management fees for the preceding full fiscal year) by (ii) nine. Remington Hotels Hospitality will have failed the performance test with respect to a particular hotel if during any fiscal year during the term (i) such hotel's gross operating profit margin for such fiscal year is less than 75% of the average gross operating profit margins of comparable hotels in similar markets and geographical locations, as reasonably determined by Remington Hotels Hospitality and the TRS lessee, and (ii) such hotel's RevPAR yield penetration is less than 80%. Upon a performance test failure, the TRS lessee must give Remington Hotels Hospitality two years to cure. If, after the first year, the performance test failure has not been cured, then the TRS lessee may, in order not to waive any such failure, require Remington Hotels Hospitality to engage a consultant with significant hotel lodging experience reasonably acceptable to both Remington Hotels Hospitality and the TRS lessee, to make a determination as to whether or not another management company could manage the hotel in a

materially more efficient manner. If the consultant's determination is in the affirmative, then Remington Hotels Hospitality must engage such consultant to assist with the cure of such performance failure for the second year of the cure period after that failure. If the consultant's determination is in the negative, then Remington Hotels Hospitality will be deemed not to be in default under the performance test. The cost of such consultant will be shared by the TRS lessee and Remington Hotels Hospitality equally. If Remington Hotels Hospitality fails the performance test for the second year of the cure period and, after that failure, the consultant again makes a finding that another management company could manage the hotel in a materially more efficient manner than Remington Hotels Hospitality, then the TRS lessee has the right to terminate the management agreement with respect to such hotel upon 45 days' written notice to Remington Hotels Hospitality and to pay to Remington Hotels Hospitality the termination fee described above. Further, if any hotel subject to the Remington Hotels Hospitality master hotel management agreement is within a cure period due to a failure of the performance test, an exercise of a renewal option shall be conditioned upon timely cure of the performance test failure, and if the performance failure is not timely cured, the TRS lessee may elect to terminate the management agreement without paying any termination fee.

- *For Convenience.* With respect to any hotel managed by Remington Hotels Hospitality pursuant to the master hotel management agreement, if the TRS lessee elects for convenience to terminate the management of such hotel, at any time, including during any renewal term, the TRS lessee must pay a termination fee to Remington Hotels Hospitality, equal to the product of (i) 65% of the aggregate management fees for such hotel (both base fees and incentive fees) estimated to be payable to Remington Hotels Hospitality with respect to the applicable hotel pursuant to the then-current annual operating budget (but in no event less than the management fees for the preceding full fiscal year) and (ii) nine.

If the master hotel management agreement terminates as to all of the hotels covered in connection with a default under the master hotel management agreement, the hotel management MEA can also be terminated at the non-defaulting party's election. See "Certain Agreements—Mutual Exclusivity Agreements—Remington Hotels Hospitality Hotel Management MEA."

**Maintenance and Modifications.** Remington Hotels Hospitality must maintain each hotel in good repair and condition and make such routine maintenance, repairs and minor alterations as it deems reasonably necessary. The cost of all such routine maintenance, repairs and alterations will be paid by the TRS lessee. All non-routine repairs and maintenance, either to a hotel or its fixtures, furniture and equipment pursuant to the capital improvement budget described below, will be managed by Premier pursuant to the master project management agreement.

**Insurance.** Remington Hotels Hospitality must coordinate with the TRS lessee the procurement and maintenance of all workers' compensation, employer's liability, and other appropriate and customary insurance related to its operations as a property manager, the cost of which is the responsibility of the TRS lessee.

**Assignment and Subleasing.** Neither Remington Hotels Hospitality nor the TRS lessee may assign or transfer the master hotel management agreement without the other party's prior written consent. However, Remington Hotels Hospitality may assign its rights and obligations to an affiliate that satisfies the eligible independent contractor requirements and is "controlled" by Mr. Monty J. Bennett, Mr. Archie Bennett, Jr., or their respective family partnerships or trusts, the sole members or beneficiaries of which are at all times lineal descendants of Messrs. Monty or Archie Bennett, Jr. (including stepchildren) and spouses. "Controlled" means (i) the possession of a majority of the capital stock (or ownership interest) and voting power of such affiliate, directly or indirectly, or (ii) the power to direct or cause the direction of the management and policies of such affiliate in the capacity of chief executive officer, president, chairman, or other similar capacity where they are actively engaged or involved in providing such direction or control and spend a substantial amount of time managing such affiliate. No assignment will release Remington Hotels Hospitality from any of its obligations under the master hotel management agreement.

**Damage to Hotels.** If any of our insured properties is destroyed or damaged, the TRS lessee is obligated, subject to the requirements of the underlying lease, to repair or replace the damaged or destroyed portion of the hotel to the same condition as existed prior to such damage or destruction. If the lease relating to such damaged hotel is terminated pursuant to the terms of the lease, the TRS lessee has the right to terminate the master hotel management agreement with respect to such damaged hotel upon 60 days' written notice. Upon termination, neither the TRS lessee nor Remington Hotels Hospitality will have any further liabilities or obligations under the master hotel management agreement with respect to such damaged hotel, except that we may be obligated to pay to Remington Hotels Hospitality a termination fee, as described above. If the hotel management agreement remains in effect with respect to such damaged hotel, and the damage does not result in a reduction of gross revenues at the hotel, the TRS lessee's obligation to pay management fees will be unabated. If, however, the master hotel management agreement remains in effect with respect to such damaged hotel, but the damage does result in a reduction of gross revenues at the hotel, the TRS lessee will be entitled to partial, pro rata abatement of the management fees while the hotel is being repaired.

**Condemnation of a Property or Force Majeure.** If all or substantially all of a hotel is subject to a total condemnation or a partial taking that prevents use of the property as a hotel, the master hotel management agreement, with respect to such hotel, will terminate, subject to the requirements of the applicable lease. Upon termination, neither the TRS lessee nor Remington

Hotels Hospitality will have any further rights, remedies, liabilities or obligations under the master hotel management agreement with respect to such hotel. If any partial taking of a property does not make it unreasonable to continue to operate the hotel, there is no right to terminate the master hotel management agreement. If there is an event of force majeure or any other cause beyond the control of Remington Hotels Hospitality that directly involves a hotel and has a significant adverse effect upon the continued operations of that hotel, then the master hotel management agreement may be terminated by the TRS lessee. Upon termination, neither the TRS lessee nor Remington Hotels Hospitality will have any further rights, remedies, liabilities or obligations under the master hotel management agreement with respect to such hotel.

**Annual Operating Budget.** The master hotel management agreement provides that not less than 45 days prior to the beginning of each fiscal year during the term of the master hotel management agreement, Remington Hotels Hospitality will submit to the TRS lessee for each of the hotels, an annual operating budget setting forth in detail an estimated profit and loss statement for each of the next 12 months (or for the balance of the fiscal year or a partial first fiscal year), including a schedule of hotel room rentals and other rentals and a marketing and business plan for each of the hotels. The budget is subject to the TRS lessee

approval, which may not be unreasonably withheld. The budget may be revised from time to time, taking into account such circumstances as the TRS lessee deems appropriate or as business and operating conditions shall demand, subject to the reasonable approval of Remington Hotels Hospitality.

**Capital Improvement Budget.** Premier must prepare a capital improvement budget of the expenditures necessary for replacement of FF&E and building repairs for the hotels during the following fiscal year and provide such budget to the relevant TRS lessee and landlord for approval at the same time Remington Hotels Hospitality submits the proposed annual operating budget for approval by TRS lessee. Remington Hotels Hospitality may not make any other expenditures for these items without the relevant TRS lessee and landlord approval, except expenditures which are provided in the capital improvements budget or are required by reason of any (i) emergency, (ii) applicable legal requirements, (iii) the terms of any franchise agreement or (iv) are otherwise required for the continued safe and orderly operation of our hotels.

**Indemnity Provisions.** Remington Hotels Hospitality has agreed to indemnify the TRS lessee against all damages not covered by insurance that arise from: (i) the fraud, willful misconduct or gross negligence of Remington Hotels Hospitality subject to certain limitations; (ii) infringement by Remington Hotels Hospitality of any third party's intellectual property rights; (iii) employee claims based on a substantial violation by Remington Hotels Hospitality of employment laws or that are a direct result of the corporate policies of Remington Hotels Hospitality; (iv) the knowing or reckless placing, discharge, leakage, use or storage of hazardous materials in violation of applicable environmental laws on or in any of our hotels by Remington Hotels Hospitality; or (v) the breach by Remington Hotels Hospitality of the master hotel management agreement, including action taken by Remington Hotels Hospitality beyond the scope of its authority under the master hotel management agreement, which is not cured.

Except to the extent indemnified by Remington **Hotels Hospitality** as described in the preceding paragraph, the TRS lessee will indemnify Remington **Hotels Hospitality** against all damages not covered by insurance and that arise from: (i) the performance of Remington **Hotels Hospitality** services under the master hotel management agreement; (ii) the condition or use of our hotels; (iii) certain liabilities to which Remington **Hotels Hospitality** is subjected, including pursuant to the WARN Act, in connection with the termination of the master hotel management agreement; (iv) all employee cost and expenses; or (v) any claims made by an employee of Remington **Hotels Hospitality** against Remington **Hotels Hospitality** that are based on a violation or alleged violation of the employment laws.

**Events of Default.** Events of default under the master hotel management agreement include:

- The TRS lessee or Remington **Hotels Hospitality** files a voluntary bankruptcy petition, or experiences a bankruptcy-related event not discharged within 90 days.
- The TRS lessee or Remington **Hotels Hospitality** fails to make any payment due under the master hotel management agreement, subject to a 10-day notice and cure period.
- The TRS lessee or Remington **Hotels Hospitality** fails to observe or perform any other term of the master hotel management agreement, subject to a 30-day notice and cure period. There are certain instances in which the 30-day notice and cure period can be extended to up to 120 days.
- Remington **Hotels Hospitality** does not qualify as an "eligible independent contractor" as such term is defined in Section 856(d)(9) of the Code.

If an event of default occurs and continues beyond any grace period, the non-defaulting party will have the option of terminating the master hotel management agreement, on 30 days' notice to the other party.

To minimize conflicts between us and Remington **Hotels Hospitality** on matters arising under the master hotel management agreement, the Company's Corporate Governance Guidelines provide that any waiver, consent, approval, modification, enforcement matters or elections which the Company may make pursuant to the terms of the master hotel management agreement shall be within the exclusive discretion and control of a majority of the independent members of the board of directors (or higher vote thresholds specifically set forth in such agreements). In addition, our board of directors has established a Related Party Transactions Committee comprised solely of independent members of our board of directors to review all related party transactions that involve conflicts. The Related Party Transactions Committee may make recommendations to the independent members of our board of directors (including rejection of any proposed transaction). All related party transactions are approved by either the Related Party Transactions Committee or the independent members of our board of directors.

#### **Premier Master Project Management Agreement**

**General.** In 2013, we entered into a master hotel management agreement with Remington Lodging governing the terms of Remington Lodging's provision of hotel management services and design and construction services with respect to hotels owned or leased by us. In connection with Ashford Inc.'s acquisition of Premier from Remington Lodging in August 2018, Braemar OP, our TRSs and Premier entered into an agreement for design and construction services to be provided to us by

Premier, solely in order to effect the transfer of the design and construction business to Premier, by entering into the Master Project Management Agreement dated as of August 8, 2018, which agreement we refer to below as the "master project management agreement." Pursuant to the master project management agreement, Premier currently provides design and construction services to all of our hotels. The master project management agreement will also govern the provision of design and construction services to hotels we acquire in the future, as Premier has the right to provide design and construction services to hotel properties we acquire in the future, to the extent we have the right and/or control the right to direct the development and construction of and/or capital improvements to or refurbishment of, such hotels, unless our independent directors either (i) unanimously elect not to engage Premier, or (ii) by a majority vote, elect not to engage Premier because they have determined, in their reasonable business judgment, (A) special circumstances exist such that it would be in our best interest not to engage Premier for the particular hotel, or (B) based on the prior performance of Premier, another manager or developer could perform the project management, project related services or development duties materially better than Premier for the particular hotel. See "Certain Agreements—Mutual Exclusivity Agreements—Premier Project Management MEA—Exclusivity Rights of Premier."

**Term.** The master project management agreement provides for an initial term of 10 years as to each hotel governed by the agreement; provided that the initial term of the master project agreement with respect to hotels owned or leased by us as of the date of the master project management agreement shall be until January 17, 2029. The term may be renewed by Premier, at its option, for three successive periods of seven years each and, thereafter, a final term of four years, provided that at the time the option to renew is exercised, Premier is not then in default under the master project management agreement. If at the time of the exercise of any renewal period, Premier is in default, then the exercise of the renewal option will be conditional on timely cure of such default, and if such default is not timely cured, then our TRS lessee may terminate the master project management agreement regardless of the exercise of such option and without the payment of any fee or liquidated damages. If Premier desires to exercise any option to renew, it must give our TRS lessee written notice of its election to renew the master project management agreement no less than 90 days before the expiration of the then-current term of the master project management agreement.

**Amounts Payable under the Master Project Management Agreement.** The master project management agreement provides that the TRS lessee will pay Premier a design and construction fee equal to 4% of the total project costs associated with the implementation of the approved capital improvement budget for a hotel until such time that the capital improvement budget and/or renovation project costs involve expenditures in excess of 5% of gross revenues of such hotel, whereupon the design and construction fee will be 3% of total project costs in excess of the 5% of gross revenue threshold. In addition, the TRS lessee will pay Premier **additional market service fees as follows:**

- **architecture - 6.5% of total construction costs;**
- **at current market rates with respect to construction management, - 10.0% of total construction costs (for projects without a general contractor);**
- **interior design, - 6.0% of the amount selected (including the cost of any and all items selected by Premier or which are specified in the general contractor's scope of work but excluding any associated charges for labor, freight and tax); and**
- **architecture, FF&E purchasing, - 8.0% of FF&E expediting/freight management, FF&E warehousing and FF&E installation and supervision. Such fees will be payable monthly as the purchased amount (which includes the selected items, freight and tax) unless the total purchased amount service is delivered based on percentage complete, as reasonably determined by Premier for a single hotel property each service, or payable as set forth in a single year is greater than \$2.0 million, in which case the fee is reduced to 6.0% of the purchased amount in excess of \$2 million. other agreements.**

**Termination.** The master project management agreement may be terminated as to one or more of the hotels earlier than the stated term if certain events occur, including:

- a sale of a hotel;

- for the convenience of our TRS lessee;
- a casualty to, condemnation of, or force majeure involving a hotel; or
- upon a default by Premier or us that is not cured prior to the expiration of any applicable cure periods.

In certain cases of early termination of the master project management agreement with respect to one or more of the hotels, we must pay Premier termination fees, plus any amounts otherwise due to Premier pursuant to the terms of the master project management agreement. We will be obligated to pay termination fees in the circumstances described below, provided that Premier is not then in default, subject to certain cure and grace periods:

- **Sale.** If any hotel subject to the master project management agreement is sold, our TRS lessee may terminate the master project management agreement with respect to such sold hotel, and our TRS lessee will have no obligation to pay any termination fees.
- **Casualty, Condemnation or Force Majeure.** If there is a casualty with respect to, condemnation of, or the occurrence of any force majeure event with respect to, any of the hotels, the TRS lessee has no obligation to pay any termination fees if the master project management agreement terminates as to those hotels.
- **For Convenience.** With respect to any hotel project-managed by Premier pursuant to the master project management agreement, if the TRS lessee elects for convenience to terminate the project management of such hotel, at any time, including during any renewal term, the TRS lessee must pay a termination fee to Premier, equal to the product of (i) 65% of the aggregate design and construction fees and market service fees for such hotel estimated to be payable to

Premier with respect to the applicable hotel for the full current fiscal year in which such termination is to occur (but in no event less than the design and construction fees and market service fees for the preceding full fiscal year) and (ii) nine.

**Implementation of Capital Improvement Budget.** Premier, on behalf of TRS lessee, shall cause to be made non-routine repairs and other work, either to the hotel's building or its FF&E, pursuant to the capital improvement budget prepared by Premier pursuant to the master project management agreement and approved by TRS lessee.

**Insurance.** Premier must coordinate with the TRS lessee the procurement and maintenance of all general compensation, employer's liability, and other appropriate and customary insurance related to its operations as a project manager, the cost of which is the responsibility of the TRS lessee.

**Assignment and Subleasing.** Neither Premier nor the TRS lessee may assign or transfer the master project management agreement without the other party's prior written consent. However, Premier may assign its rights and obligations to any entity that is "controlled" by Mr. Monty J. Bennett, Mr. Archie Bennett, Jr., or their respective family partnerships or trusts, the sole members or beneficiaries of which are at all times lineal descendants of Messrs. Monty or Archie Bennett, Jr. (including stepchildren) and spouses. "Controlled" means (i) the possession of a majority of the capital stock (or ownership interest) and voting power of such affiliate, directly or indirectly, or (ii) the power to direct or cause the direction of the management and policies of such affiliate in the capacity of chief executive officer, president, chairman, or other similar capacity where they are actively engaged or involved in providing such direction or control and spend a substantial amount of time managing such affiliate. No assignment will release Premier from any of its obligations under the master project management agreement.

**Damage to Hotels.** If any of our insured properties is destroyed or damaged, the TRS lessee is obligated, subject to the requirements of the underlying lease, to repair or replace the damaged or destroyed portion of the hotel to the same condition as existed prior to such damage or destruction. If the lease relating to such damaged hotel is terminated pursuant to the terms of the lease, the TRS lessee has the right to terminate the master project management agreement with respect to such damaged hotel upon 60 days' written notice. Upon termination, neither the TRS lessee nor Premier will have any further liabilities or obligations under the master project management agreement with respect to such damaged hotel.

**Condemnation of a Property or Force Majeure.** If all or substantially all of a hotel is subject to a total condemnation or a partial taking that prevents use of the property as a hotel, the master project management agreement, with respect to such hotel, will terminate, subject to the requirements of the applicable lease. Upon termination, neither the TRS lessee nor Premier will have any further rights, remedies, liabilities or obligations under the master project management agreement with respect to such hotel. If any partial taking of a property does not make it unreasonable to continue to operate the hotel, there is no right to terminate the master project management agreement. If there is an event of force majeure or any other cause beyond the control of Premier that directly involves a hotel and has a significant adverse effect upon the continued operations of that hotel, then the master project management agreement may be terminated by the TRS lessee. Upon termination, neither the TRS lessee nor Premier will have any further rights, remedies, liabilities or obligations under the master project management agreement with respect to such hotel.

**Indemnity Provisions.** Premier has agreed to indemnify the TRS lessee against all damages not covered by insurance that arise from: (i) the fraud, willful misconduct or gross negligence of Premier; (ii) infringement by Premier of any third party's intellectual property rights; (iii) the knowing or reckless placing, discharge, leakage, use or storage of hazardous materials in

violation of applicable environmental laws on or in any of our hotels by Premier; or (iv) the breach by Premier of the master project management agreement, including action taken by Premier beyond the scope of its authority under the master project management agreement, which is not cured.

Except to the extent indemnified by Premier as described in the preceding paragraph, the TRS lessee will indemnify Premier against all damages not covered by insurance and that arise from: (i) the performance of Premier's services under the master project management agreement; or (ii) the condition or use of our hotels.

**Events of Default.** Events of default under the master project management agreement include:

- The TRS lessee or Premier files a voluntary bankruptcy petition, or experiences a bankruptcy-related event not discharged within 90 days.
- The TRS lessee or Premier fails to make any payment due under the master project management agreement, subject to a 10-day notice and cure period.
- The TRS lessee or Premier fails to observe or perform any other term of the master project management agreement, subject to a 30-day notice and cure period. There are certain instances in which the 30-day notice and cure period can be extended to up to 120 days.

If an event of default occurs and continues beyond any grace period, the non-defaulting party will have the option of terminating the master project management agreement, on 30 days' notice to the other party.

To minimize conflicts between us and Premier on matters arising under the master project management agreement, the Company's Corporate Governance Guidelines provide that any waiver, consent, approval, modification, enforcement matters or elections which the Company may make pursuant to the terms of the master project management agreement shall be within the exclusive discretion and control of a majority of the independent members of the board of directors (or higher vote thresholds specifically set forth in such agreements). In addition, our board of directors has established a Related Party Transactions Committee comprised solely of independent members of our board of directors to review all related party transactions that involve conflicts. The Related Party Transactions Committee may make recommendations to the independent members of our board of directors (including rejection of any proposed transaction). All related party transactions are approved by either the Related Party Transactions Committee or the independent members of our board of directors.

#### **Mutual Exclusivity Agreements**

##### **Remington Hotels Hospitality Hotel Management MEA**

**General. General.** In 2013, we entered into a mutual exclusivity agreement with Remington Lodging. Remington Lodging gave us a first right of refusal to purchase any lodging-related investments identified by Remington Lodging and any of its affiliates that met our initial investment criteria, and we agreed to engage Remington Lodging to provide hotel management, project management and development services for hotels we acquired or invested in, to the extent that we had the right or controlled the right to direct such matters, subject to certain conditions. In connection with Ashford Inc.'s acquisition of Premier from Remington Lodging in August 2018, we amended and restated the original mutual exclusivity agreement to provide that Remington Lodging gave us a first right of refusal to purchase any lodging-related investments identified by Remington Lodging and any of its affiliates that met our initial investment criteria, and we agreed to engage Remington Lodging to provide hotel management for hotels we acquired or invested in, to the extent that we had the right or controlled the right to direct such matters. As a result, concurrently with Ashford Inc.'s acquisition of Premier, we, Braemar OP and Remington Lodging entered into the Amended and Restated Mutual Exclusivity Agreement dated as of August 8, 2018, which agreement we refer to below as the "hotel management MEA." In connection with Ashford Inc.'s acquisition of the hotel management business of Remington Lodging on November 6, 2019, Remington Hotels Hospitality became a subsidiary of Ashford Inc., and the mutual exclusivity agreement between Remington Hotels Hospitality and us remains in effect.

**Term.** The initial term of the hotel management MEA is 10 years from November 19, 2013. This term automatically extends for three additional renewal periods of seven years each and a final renewal period of four years, for a total of up to 35 years. The agreement may be sooner terminated because of:

- an event of default (see "Events of Default"),
- a party's early termination rights (see "Early Termination"), or
- a termination of all our master hotel management agreement between TRS lessee and Remington Hotels Hospitality because of an event of default under the master hotel management agreement that affects all properties (see "Relationship with Master Hotel Management Agreement").

**Modification of Investment Guidelines.** If we materially modify our initial investment guidelines without the written consent of Remington Hotels Hospitality, which consent may be withheld at its sole and absolute discretion, and may further be subject to the consent of Ashford Trust parties, the Remington Hotels Hospitality parties will have no obligation to present or offer us investment opportunities at any time thereafter. Instead, the Remington Hotels Hospitality parties, subject to the superior rights of the Ashford Trust parties or any other party with which the Remington Hotels Hospitality parties may have an existing agreement, shall use their reasonable discretion to determine how to allocate investment opportunities it identifies. If we materially modify our investment guidelines without the written consent of Remington Hotels Hospitality, the Ashford Trust parties will have superior rights to investment opportunities identified by the Remington Hotels Hospitality parties, and we will no longer retain preferential treatment to investment opportunities identified by the Remington Hotels Hospitality parties. A material modification for this purpose means any modification of our initial investment guidelines to be competitive with Ashford Trust's investment guidelines.

**Our Exclusivity Rights.** Remington Hotels Hospitality and Mr. Monty J. Bennett have granted us a first right of refusal to pursue certain lodging investment opportunities identified by Remington Hotels Hospitality or its affiliates (including Mr. Bennett), including opportunities to buy hotel properties, to buy land and build hotels, or to otherwise invest in hotel properties that satisfy our initial investment guidelines and are not considered excluded transactions pursuant to the hotel management MEA. If investment opportunities are identified and are subject to the hotel management MEA, and we have not materially modified our initial investment guidelines without the written consent of Remington Hotels Hospitality, then Remington Hotels Hospitality, Mr. Bennett and their affiliates, as the case may be, will not pursue those opportunities (except as described below) and will give us a

written notice and description of the investment opportunity, and we will have 10 business days to either accept or reject the investment opportunity. If we reject the opportunity, Remington Hotels Hospitality may then pursue such investment opportunity, subject to a right of first refusal in favor of Ashford Trust pursuant to an existing agreement between Ashford Trust and Remington Hotels Hospitality, on materially the same terms and conditions as offered to us. If the terms of such investment opportunity materially change, then Remington Hotels Hospitality must offer the revised investment opportunity to us, whereupon we will have 10 business days to either accept or reject the opportunity on the revised terms.

**Reimbursement of Costs.** If we accept an investment opportunity from Remington Hotels Hospitality, we will be obligated to reimburse Remington Hotels Hospitality or its affiliates for the actual out-of-pocket and third-party costs and expenses paid by Remington Hotels Hospitality or its affiliates in connection with such investment opportunity, including any earnest money deposits, but excluding any finder's fee, brokerage fee, development fee or other compensation paid by Remington Hotels Hospitality or its affiliates. Remington Hotels Hospitality must submit to us an accounting of the costs in reasonable detail.

**Exclusivity Rights of Remington Hotels Hospitality.** If we elect to pursue an investment opportunity that consists of the management and operation of a hotel property, we will hire Remington Hotels Hospitality to provide such services unless our independent directors either (i) unanimously elect not to engage Remington Hotels Hospitality, or (ii) by a majority vote, elect not to engage Remington Hotels Hospitality because they have determined, in their reasonable business judgment, (A) special circumstances exist such that it would be in our best interest not to engage Remington Hotels Hospitality for the particular hotel, or (B) based on the prior performance of Remington Hotels Hospitality, another



manager or developer could perform the management duties materially better than Remington Hotels Hospitality for the particular hotel. In return, Remington Hotels Hospitality has agreed that it will provide those services.

**Excluded Investment Opportunities.** The following are excluded from the hotel management MEA and are not subject to any exclusivity rights or right of first refusal:

- With respect to Remington Hotels Hospitality, an investment opportunity where our independent directors have unanimously voted not to engage Remington Hotels Hospitality as the manager or developer.
- With respect to Remington Hotels Hospitality, an investment opportunity where our independent directors, by a majority vote, have elected not to engage Remington Hotels Hospitality as the manager or developer based on their determination, in their reasonable business judgment, that special circumstances exist such that it would be in our best interest not to engage Remington Hotels Hospitality with respect to the particular hotel.
- With respect to Remington Hotels Hospitality, an investment opportunity where our independent directors, by a majority vote, have elected not to engage Remington Hotels Hospitality as the manager or developer because they have determined, in their reasonable business judgment, that another manager or developer could perform the management, development or other duties materially better than Remington Hotels Hospitality for the particular hotel, based on Remington Hotels Hospitality prior performance.
- Existing hotel investments of Remington Hotels Hospitality or its affiliates with any of their existing joint venture partners, investors or property owners.
- Existing bona fide arm's length third-party management arrangements (or arrangements for other services) of Remington Hotels Hospitality or any of its affiliates with third parties other than us and our affiliates.
- Like-kind exchanges made pursuant to existing contractual obligations by any of the existing joint venture partners, investors or property owners in which Remington Hotels Hospitality or its affiliates have an ownership interest, provided that Remington Hotels Hospitality provides us with notice 10 days prior to such transaction.

**Management or Development.** If we hire Remington Hotels Hospitality to manage or operate a hotel, it will be pursuant to the terms of the master hotel management agreement agreed to between us and Remington Hotels Hospitality.

**Events of Default.** Each of the following is a default under the hotel management MEA:

- we or Remington Hotels Hospitality experience a bankruptcy-related event;
- we fail to reimburse Remington Hotels Hospitality as described under "Reimbursement of Costs," subject to a 30-day cure period; and
- we or Remington Hotels Hospitality does not observe or perform any other term of the agreement, subject to a 30-day cure period (which may be increased to a maximum of 120 days in certain instances).

If a default occurs, the non-defaulting party will have the option of terminating the hotel management MEA subject to 30 days' written notice and pursuing its rights and remedies under applicable law.

**Early Termination.** Remington Hotels Hospitality has the right to terminate the exclusivity rights granted to us if:

- Mr. Monty J. Bennett is removed as our chief executive officer or as chairman of our board of directors or is not re-appointed to either position, or he resigns as chief executive officer or chairman of our board of directors;
- we terminate the Remington Hotels Hospitality exclusivity rights pursuant to the terms of the hotel management MEA; or
- our advisory agreement with Ashford LLC is terminated for any reason pursuant to its terms and Mr. Monty J. Bennett is no longer serving as our chief executive officer and chairman of our board of directors.

We may terminate the exclusivity rights granted to Remington Hotels Hospitality if:

- Remington Hotels Hospitality fails to qualify as an "eligible independent contractor" as defined in Section 856(d)(9) of the Code and for that reason, we terminate the master hotel management agreement with Remington Hotels Hospitality;
- Remington Hotels Hospitality is no longer "controlled" by Mr. Monty J. Bennett or Mr. Archie Bennett, Jr. or their respective family partnership or trusts, the sole members of which are at all times lineal descendants of Mr. Archie Bennett, Jr. or Mr. Monty J. Bennett (including stepchildren) and spouses;
- we experience a change in control and terminate the master hotel management agreement between us and Remington Hotels Hospitality with respect to all hotels and have paid a termination fee equal to the product of (i) 65% of the aggregate management fees budgeted in the annual operating budget applied to the hotels for the full current fiscal year in which such termination is to occur for such hotels (both base fees and incentive fees, but in no event less than the base fees and incentive fees for the preceding full fiscal year) and (ii) nine;
- the Remington Hotels Hospitality parties terminate our exclusivity rights pursuant to the terms of the mutual exclusivity agreement; or
- our advisory agreement with Ashford LLC is terminated for any reason pursuant to its terms and Mr. Monty J. Bennett is no longer serving as our chief executive officer and chairman of our board of directors.

**Assignment.** The hotel management MEA may not be assigned by any of the parties without the prior written consent of the other parties, provided that Remington Hotels Hospitality can assign its interest in the hotel management MEA, without the written consent of the other parties, to a "manager affiliate entity" as that term is defined in the agreement, so long as such affiliate qualifies as an "eligible independent contractor" at the time of such transfer.

**Relationship with Master Hotel Management Agreement.** The rights provided to us and to Remington Hotels Hospitality in the hotel management MEA may be terminated if the master hotel management agreement between us and Remington Hotels Hospitality terminates in its entirety because of an event of default as to all of the then-managed properties. A termination of Remington Hotels Hospitality management rights with respect to one or more hotels (but not all hotels) does not terminate the hotel management MEA. A termination of the hotel management MEA does not terminate the master hotel management agreement either in part or in whole, and the master hotel management agreement would continue in accordance with its terms as to the hotels covered, despite a termination of the hotel management MEA.

## Premier Project Management MEA

**General.** In connection with Ashford Inc.'s acquisition of Premier from Remington Lodging in August 2018, we entered into the Mutual Exclusivity Agreement dated as of August 8, 2018 with Braemar OP and Premier, which agreement we refer to below as the "project management MEA," pursuant to which Premier gave us a first right of refusal to purchase any lodging-

related lodging-related investments identified by Premier and any of its affiliates that met our initial investment criteria, and we agreed to engage Premier to provide project management for hotels we acquired or invested in, to the extent that we had the right or controlled the right to direct such matters.

**Term.** The initial term of the project management MEA is 10 years from November 19, 2013. This term automatically extends for three additional renewal periods of seven years each and a final renewal period of four years, for a total of up to 35 years. The agreement may be sooner terminated because of:

- an event of default (see "Events of Default"),
- a termination of all our master project management agreements between the TRS lessee and Premier because of an event of default under the master project management agreement that affects all properties (see "Relationship with Master Project Management Agreement").

**Modification of Investment Guidelines.** If we materially modify our initial investment guidelines without the written consent of Premier, which consent may be withheld at its sole and absolute discretion, Premier will have no obligation to present or offer us investment opportunities at any time thereafter pursuant to the project management MEA. Instead, Premier shall allocate investment opportunities it identifies pursuant to the terms of our advisory agreement. A material modification for

this purpose means any modification of our initial investment guidelines to be competitive with Ashford Trust's investment guidelines.

**Our Exclusivity Rights.** Premier and its affiliates have granted us a first right of refusal to pursue certain lodging investment opportunities identified by Premier and its affiliates (including Mr. Bennett), including opportunities to buy hotel properties, to buy land and build hotels, or to otherwise invest in hotel properties that satisfy our initial investment guidelines and are not considered excluded transactions pursuant to the project management MEA. If investment opportunities are identified and are subject to the project management MEA, and we have not materially modified our initial investment guidelines, then Premier and its affiliates, as the case may be, will not pursue those opportunities (except as described below) and will give us a written notice and description of the investment opportunity, and we will have 10 business days to either accept or reject the investment opportunity. If we reject the opportunity, Premier may then pursue such investment opportunity, on materially the same terms and conditions as offered to us. If the terms of such investment opportunity materially change, then Premier and its affiliates must offer the revised investment opportunity to us, whereupon we will have 10 business days to either accept or reject the opportunity on the revised terms.

**Reimbursement of Costs.** If we accept an investment opportunity from Premier, we will be obligated to reimburse Premier or its affiliates for the actual out-of-pocket and third-party costs and expenses paid by Premier or its affiliates in connection with such investment opportunity, including any earnest money deposits, but excluding any finder's fee, brokerage fee, development fee or other compensation paid by Premier or its affiliates. Premier must submit to us an accounting of the costs in reasonable detail.

**Exclusivity Rights of Premier.** If we acquire or invest in a hotel or a property for the development or construction of a hotel and have the right and/or control the right to direct the development and construction of and/or capital improvements to or refurbishment of, or the provision of project management or other services, such as purchasing, interior design, freight management, or construction management for such hotel or hotel improvements, we will hire Premier to provide such services unless our independent directors either (i) unanimously elect not to engage Premier, or (ii) by a majority vote, elect not to engage Premier because they have determined, in their reasonable business judgment, (A) special circumstances exist such that it would be in our best interest not to engage Premier for the particular hotel, or (B) based on the prior performance of Premier, another manager or developer could perform the project management, project related services or development duties materially better than Premier for the particular hotel. In return, Premier has agreed that it will provide those services.

**Excluded Investment Opportunities.** The following are excluded from the project management MEA and are not subject to any exclusivity rights or right of first refusal:

- With respect to Premier, an investment opportunity where our independent directors have unanimously voted not to engage Premier as the manager or developer.
- With respect to Premier, an investment opportunity where our independent directors, by a majority vote, have elected not to engage Premier as the manager or developer based on their determination, in their reasonable business judgment, that special circumstances exist such that it would be in our best interest not to engage Premier with respect to the particular hotel.
- With respect to Premier, an investment opportunity where our independent directors, by a majority vote, have elected not to engage Premier as the manager or developer because they have determined, in their reasonable business

judgment, that another manager or developer could perform the project management, project related services or development duties materially better than Premier for the particular hotel, based on Premier's prior performance.

- Existing hotel investments of Premier or its affiliates with any of their existing joint venture partners, investors or property owners.
- Existing bona fide arm's length third-party project management arrangements of Premier or any of its affiliates with third parties other than us and our affiliates.
- Like-kind exchanges made pursuant to existing contractual obligations by any of the existing joint venture partners, investors or property owners in which Premier or its affiliates have an ownership interest, provided that Premier provides us with notice 10 days prior to such transaction.
- Any hotel investment that does not satisfy our initial investment guidelines.

**Development or Construction.** If we hire Premier to develop and construct a hotel, the terms of the development and construction will be pursuant to the terms of the master project management agreement that has been agreed to by us and Premier.

**Events of Default.** Each of the following is a default under the project management MEA:

- we or Premier experience a bankruptcy-related event;
- we fail to reimburse Premier as described under "Reimbursement of Costs," subject to a 30-day cure period; and
- we or Premier does not observe or perform any other term of the agreement, subject to a 30-day cure period (which may be increased to a maximum of 120 days in certain instances).

If a default occurs, the non-defaulting party will have the option of terminating the project management MEA subject to 30 days' written notice and pursuing its rights and remedies under applicable law.

**Assignment.** The project management MEA may not be assigned by any of the parties without the prior written consent of the other parties, provided that Premier can assign its interest in the project management MEA, without the written consent of the other parties, to a "manager affiliate entity" as that term is defined in the agreement.

**Relationship with Master Project Management Agreement.** The rights provided to us and to Premier in the project management MEA may be terminated if the master project management agreement between us and Premier terminates in its entirety because of an event of default as to all of the then-managed properties. A termination of Premier's project management rights with respect to one or more hotels (but not all hotels) does not terminate the project management MEA. A termination of the project management MEA does not terminate the master project management agreement either in part or in whole, and the management agreements would continue in accordance with its terms as to the hotels covered, despite a termination of the project management MEA.

#### **Ashford Trust Right of First Offer Agreement**

The right of first offer agreement provides us the first right to acquire each of the subject hotels owned by Ashford Trust, to the extent the board of directors of Ashford Trust determines to market and sell the hotel, subject to any prior rights of the managers of the hotel or other third parties and the limitations with respect to hotels in a joint venture set forth in the right of first offer agreement. In addition, so long as we do not materially change our initial investment guidelines without the express consent of Ashford LLC, the right of first offer agreement extends to hotels later acquired by Ashford Trust that satisfy our initial investment guidelines.

If Ashford Trust decides to offer for sale an asset that fits our investment guidelines, it must give us a written notice describing the sale terms and granting us the right to purchase the asset at a purchase price equal to the price set forth in the offer. We will have 30 days to agree to the terms of the sale. If terms are not met, Ashford Trust will be free to sell the asset to any person upon substantially the same terms as those contained in the written notice for 180 days, but not for a price less than 95% of the offered purchase price. If during such 180-day period, Ashford Trust desires to accept an offer that is not on substantially the same terms as those contained in the written notice or that is less than 95% of the offered purchase price, Ashford Trust must give us written notice of the new terms and we will have 10 days in which to agree to the terms of the sale. If Ashford Trust does not close on the sale or refinancing of the asset within 180 days following the expiration of the initial 30-day period, the right to purchase the asset will be reinstated on the same terms.

Likewise, we have agreed to give Ashford Trust a right of first offer with respect to any properties that we acquire in a portfolio transaction, to the extent our board of directors determines it is appropriate to market and sell such assets and we control the disposition, provided such assets satisfy Ashford Trust's investment guidelines. Any such right of first offer granted to Ashford Trust will be subject to certain prior rights, if any, granted to the managers of the related properties or other third parties.

The right of first offer agreement has an initial term of 10 years and is subject to automatic one year renewal periods unless one party notifies the other at least 180 days prior to the expiration of the current term that it does not intend to renew the agreement. The agreement may be terminated by either party (i) upon a default of the other party upon giving notice of such default and the defaulting party fails to cure within 45, or in some circumstances up to 90, days subject to certain exclusions, and (ii) if the other party experiences specified bankruptcy events. Also, if we materially modify our initial investment guidelines without consent of Ashford Trust (which consent may be withheld in its sole discretion), our right of first refusal for any assets owned or later acquired by Ashford Trust and its affiliates, other than the initial assets subject to the right of first offer agreement, will terminate unless otherwise agreed by the parties. Further, the agreement will automatically terminate upon a termination of our advisory agreement or upon a change of control of either us or Ashford Trust, excluding any change of control that may occur as a result of a spin-off, carve-out, split-off or other similar event.

#### **TRS Leases**

Three of the hotels we acquired from Ashford Trust in connection with the spin-off are owned by our operating partnership and leased to subsidiaries of Braemar TRS. Two of our hotels are held in a joint venture in which we have a 75% equity interest. The two hotels owned by the joint venture are leased to subsidiaries of the joint venture, which two subsidiaries we have elected to treat as TRSs. Since 2013 Braemar TRS has formed multiple subsidiaries which lease acquired hotels. Braemar TRS has elected to be treated as a TRS. Generally, we intend to lease all hotels we acquire in the future, other than pursuant to sale-leaseback transactions with unrelated third parties, to a TRS lessee, pursuant to the terms of leases that are generally similar to the terms of the existing leases, unless not appropriate based on relevant regulatory factors. Ashford LLC will negotiate the terms and provisions of each future lease, considering such things as the purchase price paid for the hotel, then current economic conditions and any other factors deemed relevant at the time. One hotel property, located in the U.S. Virgin Islands, is owned by our USVI TRS.

**Term.** The leases for our hotel properties include a term of five years, which expires on December 31, 2025 (December 31, 2026 in the case of the **Mr. C Cameo Beverly Hills Hotel**). The leases may be terminated earlier than the stated term if certain events occur, including specified damages to the related hotel, a condemnation of the related hotel or the sale of the related hotel, or an event of default that is not cured within any applicable cure or grace periods. The lessor must pay a termination fee to the TRS lessee if and to the extent the TRS lessee is obligated to pay a termination fee to the managers as a result of the termination of the lease.

**Amounts Payable Under Leases.** The leases generally provide for each TRS lessee to pay in each calendar month the base rent plus, in each calendar quarter, percentage rent, if any. The percentage rent for each hotel equals: (i) an agreed percentage of gross revenue that exceeds a threshold amount, less (ii) all prior percentage rent payments.

**Maintenance and Modifications.** Each TRS lessee is required to establish and fund, in respect of each fiscal year during the terms of the leases, a reserve account, in the amount of at least 4% of gross revenues per year to cover the cost of capital expenditures, which costs will be paid by our operating partnership. Each TRS lessee shall be required to make (at our sole cost and expense) all capital expenditures required in connection with emergency situations, legal requirements, maintenance of the applicable franchise agreement, the performance by lessee of its obligations under the lease and other permitted additions to the leased property. We also have the right to make additions, modifications or improvements so long as our actions do not significantly alter the character or purposes of the property, significantly detract from the value or operating efficiency of the property, significantly impair the revenue producing capability of the property or affect the ability of the lessee to comply with the terms of their lease. All capital expenditures



relating to material structural components involving expenditures of \$1 million or more are subject to the approval of our operating partnership. Each TRS lessee is responsible for all routine repair and maintenance of the hotels, and our operating partnership will be responsible for non-routine capital expenditures.

We own substantially all personal property (other than inventory, linens, ERFP FF&E and other nondepreciable personal property) not affixed to, or deemed a part of, the real estate or improvements on our hotels, unless ownership of such personal property would cause the rent under a lease not to qualify as "rents from real property" for REIT income test purposes.

**Insurance and Property Taxes.** We pay real estate and personal property taxes on the hotels (except to the extent that personal property associated with the hotels is owned by the applicable TRS lessee). We pay for property and casualty insurance relating to the hotel properties and any personal property owned by us. Each TRS lessee pays for all insurance on its personal property, comprehensive general public liability, workers' compensation, vehicle, and other appropriate and customary insurance. Each TRS lessee must name us as an additional insured on any policies it carries.

**Assignment and Subleasing.** The TRS lessees are not permitted to sublet any part of the hotels or assign their respective interests under any of the leases without our prior written consent, which cannot be unreasonably withheld. No assignment or subletting will release any TRS lessee from any of its obligations under the leases.

**Damage to Hotels.** If any of our insured hotels is destroyed or damaged, whether or not such destruction or damage prevents use of the property as a hotel, the applicable TRS lessee will have the obligation, but only to the extent of insurance proceeds that are made available, to restore the hotel. All insurance proceeds will be paid to our operating partnership (except such proceeds payable for loss or damage to the TRS lessee's personal property) and be paid to the applicable TRS lessee for the reasonable costs of restoration or repair. Any excess insurance proceeds remaining after the cost of repair or restoration will be retained by us. If the insurance proceeds are not sufficient to restore the hotel, the TRS lessee or we have the right to terminate the lease upon written notice. In that event, neither we nor the TRS lessee will have any further liabilities or obligations under the lease, except that, if we terminate the lease, we have to pay the TRS lessee termination fees, if any, within 45 days that become due under the management agreement. If the lease is so terminated, we will keep all insurance proceeds received as a result of such destruction or damage. If the lease is terminated by a TRS lessee, we have the right to reject the termination of the lease and to require the TRS lessee to restore the hotel, provided we agree to pay for all restoration costs in excess of available insurance proceeds. In that event, the related lease will not terminate and we will pay all insurance proceeds to the TRS lessee.

If the cost of restoration exceeds the amount of insurance proceeds, we will contribute any excess amounts necessary to complete the restoration to the TRS lessee before requiring the work to begin. If there is damage or destruction not covered by insurance, our obligations, as well as those of the applicable TRS lessee, will be the same as in the case of inadequate insurance proceeds. However, regardless of insurance coverage, if damage or destruction rendering the property unsuitable for its primary intended purpose occurs within 24 months of the end of the lease term, we may terminate the lease with 30 days' notice. If the lease remains in effect and the damage does not result in a reduction of gross revenues at the hotel, the TRS lessee's obligation to pay rent will be unabated. If, however, the lease remains in effect but the damage does result in a reduction of gross revenues at the hotel, the TRS lessee will be entitled to a certain amount of rent abatement while the hotel is being repaired. We will keep all proceeds from loss of income insurance.

**Condemnation.** If any of our hotels is subject to a total condemnation or a partial taking that prevents use of the property as a hotel, we and the TRS lessee each have the option to terminate the related lease. We will share in the condemnation award with the TRS lessee in accordance with the provisions of the related lease. If any partial taking of a hotel does not prevent use of the property as a hotel, the TRS lessee is obligated to restore the untaken portion of the hotel to a complete architectural unit but only to the extent of any available condemnation award. If the condemnation award is not sufficient to restore the hotel, the TRS lessee or we have the right to terminate the lease upon written notice. If the lease is terminated by the TRS lessee, we have the right to reject the termination of the lease within 30 days and to require the TRS lessee to restore the hotel, provided we agree to pay for all restoration costs in excess of the available condemnation award. We will contribute the cost of such restoration to the TRS lessee. If a partial taking occurs, the base rent will be abated to some extent, taking into consideration, among other factors, the number of usable rooms, the amount of square footage, or the revenues affected by the partial taking.

**Events of Default.** Events of Default under the leases include:

- The TRS lessee fails to pay rent or other amounts due under the lease, provided that the TRS lessee has a 10-day cure period after receiving a written notice from us that such amounts are due and payable before an event of default would occur.
- The TRS lessee does not observe or perform any other term of a lease, provided that the TRS lessee has a 30-day cure period after receiving a written notice from us that a term of the lease has been violated before an event of default of default would occur. There are certain instances in which the 30-day grace period can be extended to a maximum of 120 days.
- The TRS lessee is the subject of a bankruptcy, reorganization, insolvency, liquidation or dissolution event.
- The TRS lessee voluntarily ceases operations of the hotels for a period of more than 30 days, except as a result of damage, destruction, condemnation, or certain specified unavoidable delays.
- The default of the TRS lessee under the management agreement for the related hotel because of any action or failure to act by the TRS lessee and the TRS lessee has failed to cure the default within 30 days.

If an event of default occurs and continues beyond any grace period, we have the option of terminating the related lease. If we decide to terminate a lease, we must give the TRS lessee 10 days' written notice. Unless the event of default is cured before the termination date we specify in the termination notice, the lease will terminate on the specified termination notice. In that event, the TRS lessee will be required to surrender possession of the related hotel and pay liquidated damages at our option, as provided by the applicable lease.

**Termination of Leases.** Our operating partnership generally has the right to terminate any lease prior to the expiration date so long as we pay a termination fee. The termination fee is equal to any termination fee due to a manager under the management agreement.

**Indemnification.** Each TRS lessee is required to indemnify us for claims arising out of (i) accidents occurring on or about the leased property, (ii) any past, present or future use or condition of the hotel by TRS lessee or any of its agents, employees or invitees, (iii) any impositions that are the obligation of the TRS hotel by lessee, (iv) any failure of the TRS lessee to perform under the lease, and (v) the non-performance of obligations under any sub-lease by the landlord thereunder. We are required to indemnify each TRS lessee for any claim arising out of our gross negligence or willful misconduct arising in connection with the lease and for any failure to perform our obligations under the lease. All indemnification amounts must be paid within 10 days of a determination of liability.

**Breach by Us.** If we breach any of the leases, we will have 30 days from the time we receive written notice of the breach from the TRS lessee to cure the breach. This cure period may be extended or certain specified, unavoidable delays.

#### **Ground Leases**

Two of our hotels are subject to ground leases that cover all of the land underlying the respective hotels.

**Hilton La Jolla Torrey Pines.** The Hilton La Jolla Torrey Pines is subject to a ground lease with the City of San Diego and expires May 31, 2067. The lease term may be extended by either 10 years or 20 years depending on the amount of capital spent at the hotel. If 5% of gross income is spent on capital expenditures during the lease term, the term may be extended by 10 years. If 6% of gross income is spent on capital expenditures during the lease term, the term may be extended by 20 years. Rent is payable monthly and is the greater of minimum rent or percentage rent, determined monthly, with an annual true-up. Commencing January 1, 1993 and every five years thereafter, minimum rent is adjusted to be 80% of the annual average of actual rents paid or accrued during the preceding five-year period, but in no event may such rent be adjusted downwards. Percentage rent is determined from a percentage of room and banquet rental revenue, food and beverage sales, alcohol sales, lobby, gift shop and coin operated machine and telephone sales and other authorized uses. Percentage rent is adjusted at least six months prior to the end of (December 31, 2027) and thereafter at least six months prior to each 10th year by mutual agreement to provide fair rental to landlord. The lease may be assigned with the landlord's prior written consent. Upon any assignment or a sublease of a majority of the premises, 2% of the gross amounts paid for the assignment or sublease are payable to the landlord except in the instances of a transfer to an affiliate or a mortgage foreclosure. In addition, 2% of the net proceeds are payable to the landlord in the event of a refinancing.

**Bardessono Hotel and Spa.** The Bardessono Hotel and Spa is subject to a ground lease with Bardessono Brothers LLC and expires **October 31, 2065** **December 31, 2065**, with two 25-year extension options. Rent is payable monthly and is the greater of minimum rent or percentage rent with an annual true-up on October 1. Each year, annual base minimum rent is increased (but never decreased) by an amount equal to the percentage increase in CPI Index during the prior 12-month period that starts on September 1 and ends on August 31. In no event will the index percentage be less than 101.5% nor more than 103.5% multiplied by the annual base minimum rent payable by tenant during the lease year just ending. A percentage rent, which is calculated on the positive difference (if any) between the greater of 8% of net rooms revenue or 4.5% of net operating revenue and the aggregate base minimum rent actually paid by the tenant during the same calendar year will be paid on a calendar year basis. Within 90 days after end of calendar year tenant must provide landlord an officer's certificate containing tenant's financial statements and percentage rent payment, if any. The lease may be assigned with the landlord's prior written consent at least 60 days but not more than 90 days before the effective date of the proposed assignment. Tenant must submit to landlord a statement containing contact and financial information, operating and property ownership history, and other information with respect to the proposed assignee or subtenant as landlord may reasonably require, the type of use proposed for the inn parcel or resort, and all of the principal terms of the proposed assignment; copy of proposed assignment; and a copy of the landlord's consent to assignment. In August of 2016, the lease was amended to allow for the expansion of the leased premises by 10,000 square feet to accommodate construction of the Presidential Villa.

#### **Regulation**

##### **General**

Our hotels are subject to various U.S. federal, state and local laws, ordinances and regulations, including regulations relating to common areas and fire and safety requirements. We believe that each of our hotels has the necessary permits and approvals to operate its business.

##### **Governmental Regulations**

Our properties are subject to various federal, state and local regulatory laws and requirements, including, but not limited to, the Americans with Disabilities Act of 1990, as amended (the "ADA"), zoning regulations, building codes and land use laws, and building, occupancy and other permit requirements. Noncompliance could result in the imposition of governmental fines or the award of damages to private litigants. While we believe that we are currently in material compliance with these regulatory requirements, the requirements may change or new requirements may be imposed that could require significant unanticipated expenditures by us. Additionally, local zoning and land use laws, environmental statutes, health and safety rules and other governmental requirements may restrict, or negatively impact, our property operations, or expansion, rehabilitation and reconstruction activities and such regulations may prevent us from taking advantage of economic opportunities. Future changes in federal, state or local tax regulations applicable to REITs, real property or income derived from our real estate could impact the financial performance, operations, and value of our properties and the Company.

##### **Environmental Matters**

Under various laws relating to the protection of the environment, a current or previous owner or operator (including tenants) of real estate may be liable for contamination resulting from the presence or discharge of hazardous or toxic substances at that property and may be required to investigate and clean up such contamination at that property or emanating from that property. These costs could be substantial and liability under these laws may attach without regard to whether the owner or operator knew of, or was responsible for, the presence of the contaminants, and the liability may be joint and several. The

presence of contamination or the failure to remediate contamination at our hotels may expose us to third-party liability or materially and adversely affect our ability to sell, lease or develop the real estate or to incur debt using the real estate as collateral.

Our hotels are subject to various federal, state, and local environmental, health and safety laws and regulations that address a wide variety of issues, including, but not limited to, storage tanks, air emissions from emergency generators, storm water and wastewater discharges, lead-based paint, mold and mildew and waste management. Our hotels incur

costs to comply with these laws and regulations and could be subject to fines and penalties for non-compliance.

Some of our hotels may contain or develop harmful mold or suffer from other adverse conditions, which could lead to liability for adverse health effects and costs of remediation. The presence of significant mold or other airborne contaminants at any of our hotels could require us to undertake a costly remediation program to contain or remove the mold or other airborne contaminants from the affected hotel or increase indoor ventilation. In addition, the presence of significant mold or other airborne contaminants could expose us to liability from guests or employees at our hotels and others if property damage or health concerns arise.

## Insurance

We carry comprehensive general liability, "All Risk" property, business interruption, cybersecurity, directors and officers, rental loss coverage and umbrella liability coverage on all of our hotels and earthquake, wind, flood and hurricane coverage on hotels in areas where we believe such coverage is warranted, in each case with limits of liability that we deem adequate. Similarly, we are insured against the risk of direct physical damage in amounts we believe to be adequate to reimburse us, on a replacement basis, for costs incurred to repair or rebuild each hotel, including loss of rental income during the reconstruction period. We have selected policy specifications and insured limits which we believe to be appropriate given the relative risk of loss, the cost of the coverage and industry practice. We do not carry insurance for generally uninsured losses, including, but not limited to losses caused by riots, global pandemics war or acts of God as well as certain types of coverages previously available under policies set forth above (for example, communicable disease, abuse ~~&~~ and molestation coverages previously available under general liability policies). In the opinion of our management, our hotels are adequately insured.

## Competition

The hotel industry is highly competitive and the hotels in which we invest are subject to competition from other hotels for guests. Competition is based on a number of factors, most notably convenience of location, availability of rooms, brand affiliation, price, range of services, guest amenities or accommodations offered and quality of customer service. Competition is often specific to the individual markets in which our properties are located and includes competition from existing and new hotels. Increased competition could have a material adverse effect on the occupancy rate, average daily room rate and rooms revenue per available room of our hotels or may require us to make capital improvements that we otherwise would not have to make, which may result in decreases in our profitability.

Our principal competitors include other hotel operating companies, ownership companies and national and international hotel brands. We face increased competition from providers of less expensive accommodations, such as select service hotels or independent owner-managed hotels, during periods of economic downturn when leisure and business travelers become more sensitive to room rates. We also experience competition from alternative types of accommodations such as home sharing companies.

We face competition for the acquisition of hotels from institutional pension funds, private equity funds, REITs, hotel companies and others who are engaged in the acquisition of hotels. Some of these competitors have substantially greater financial and operational resources and access to capital than we have and may have greater knowledge of the markets in which we seek to invest. This competition may reduce the number of suitable investment opportunities offered to us and decrease the attractiveness of the terms on which we may acquire our targeted hotel investments, including the cost thereof.

## Employees

We have no employees. Our appointed officers are provided by Ashford LLC, a subsidiary of Ashford Inc. (collectively, our "advisor"). Advisory services which would otherwise be provided by employees are provided by subsidiaries of Ashford Inc. and by our appointed officers. Subsidiaries of Ashford Inc. have approximately 102 105 full-time employees who provide advisory services to us. These employees directly or indirectly perform various acquisition, development, asset management, capital markets, accounting, tax, risk management, legal, redevelopment, and corporate management functions pursuant to the terms of our advisory agreement.

## Seasonality

Our properties' operations historically have been seasonal as certain properties maintain higher occupancy rates during the summer months, while certain other properties maintain higher occupancy rates during the winter months. This seasonality pattern can cause fluctuations in our quarterly revenue. Quarterly revenue also may be adversely affected by renovations and repositionings, our managers' effectiveness in generating business and by events beyond our control, such as pandemics, extreme weather conditions, natural disasters, terrorist attacks or alerts, civil unrest, government shutdowns, airline strikes or reduced airline capacity, economic factors and other considerations affecting travel. To the extent that cash flows from operations are insufficient during any quarter to enable us to make quarterly distributions to maintain our REIT status due to temporary or seasonal fluctuations in lease revenue, we expect to utilize cash on hand, cash generated through borrowings and issuances of common or preferred stock to fund required distributions. However, we cannot make any assurances that we will make distributions in the future.

## Access to Reports and Other Information

We maintain a website at [www.bhrreit.com](http://www.bhrreit.com). On our website, we make available free of charge our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and other reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after we electronically file such material with the Securities and Exchange Commission ("SEC"). All of our filed reports can also be obtained at the SEC's website at [www.sec.gov](http://www.sec.gov). In addition, our Code of Business Conduct and Ethics, Code of Ethics for the Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer, Corporate Governance Guidelines, and Board Committee Charters are also available free-of-charge on our website or can be made available in print upon request. A description of any substantive amendment or waiver of our Code of Business Conduct and Ethics or our Code of Ethics for the Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer will be disclosed on our website under the Corporate Governance section. Any such description will be located on our website for a period of 12 months following the amendment or waiver. We also use our website to distribute company information, and such information may be deemed material. Accordingly, investors should monitor our website, in addition to our press releases, SEC filings and public conference calls and webcasts. The contents of our website are not, however, a part of this report.

## Item 1A. Risk Factors

### Summary Risk Factors

Our business is subject to a number of risks, including risks that may prevent us from achieving our business objectives or may adversely affect our business, financial condition, results of operations, cash flows, and prospects. These risks are discussed more fully below and include, but are not limited to, risks related to:

- our ability to raise sufficient capital and/or take other actions to improve our liquidity position or otherwise meet our liquidity requirements;
- actions by our lenders to accelerate loan balances and foreclose on the hotel properties that are security for our loans if we are unable to make debt service payments or satisfy our other obligations under the forbearance agreements;

- general volatility of the capital markets and the market price of our common and preferred stock;
- catastrophic events or geopolitical conditions, such as the conflict between Russia and Ukraine and the more recent Israel-Hamas war;
- availability, terms and deployment of capital;
- unanticipated increases in financing and other costs, including a rise changes in interest rates;
- availability of qualified personnel to our advisor;
- actual and potential conflicts of interest with Ashford Trust, Ashford Inc. and its subsidiaries (including Ashford LLC, Remington Hotels Hospitality and Premier), Stirling Inc. and our executive officers and our non-independent director; directors;
- changes in personnel of Ashford LLC or the lack of availability of qualified personnel;
- changes in governmental regulations, accounting rules, tax rates and similar matters;
- legislative and regulatory changes, including changes to the Internal Revenue Code of 1986, as amended (the "Code") and related rules, regulations and interpretations governing the taxation of REITs; and
- limitations imposed on our business and our ability to satisfy complex rules in order for us to qualify as a REIT for U.S. federal income tax purposes.

## Risks Related to Our Business and Properties

***A financial crisis, economic slowdown, pandemic, or epidemic or other economically disruptive event may harm the operating performance of the hotel industry generally. If such events occur, we may be impacted by declines in occupancy, average daily room rates and/or other operating revenues.***

The performance of the lodging industry has been closely linked with the performance of the general economy and, specifically, growth in the U.S. GDP. We invest in hotels that are classified as luxury. In an economic downturn, these types of hotels may be more susceptible to a decrease in revenue, as compared to hotels in other categories that have lower room rates. This characteristic may result from the fact that luxury hotels generally target business and high-end leisure travelers. In periods of economic difficulties or concerns with respect to communicable disease, business and leisure travelers may seek to reduce travel costs and/or health risks by limiting travel or seeking to reduce costs on their trips. Any economic recession will likely have an adverse effect on our business, operating results and prospects.

### ***Economic conditions in the United States could have a material adverse impact on our earnings and financial condition.***

Our business could be adversely affected by unstable economic and political conditions within the United States and foreign jurisdictions and geopolitical conflicts, such as the conflict between Russia and Ukraine and the more recent Israel-Hamas war. Because economic conditions in the United States may affect demand within the hospitality industry, current and future economic conditions in the United States, including slower growth, stock market volatility and recession fears, could have a material adverse impact on our earnings and financial condition. Economic conditions may be affected by numerous factors, including but not limited to, the pace of economic growth and/or recessionary concerns, inflation, increases in the levels of unemployment, energy prices, changes in currency exchange rates, uncertainty about government fiscal and tax policy, geopolitical events, the regulatory environment and the availability of credit and interest rates.

### ***Our cash, cash equivalents and investments could be adversely affected if the financial institutions in which we hold our cash, cash equivalents and investments fail.***

We regularly maintain cash balances at third-party financial institutions in excess of the Federal Deposit Insurance Corporation (the "FDIC") insurance limit. The FDIC took control and was appointed receiver of Silicon Valley Bank, New York Signature Bank and First Republic Bank on March 10, 2023, March 12, 2023 and May 1, 2023, respectively. The Company does not have any direct exposure to Silicon Valley Bank, New York Signature Bank or First Republic Bank. However, if other banks and financial institutions enter receivership or become insolvent in the future in response to financial conditions affecting the banking system and financial markets, our ability to access our existing cash, cash equivalents and investments may be threatened and could have a material adverse effect on our business and financial condition.

### ***We did not pay dividends on our common stock in fiscal years 2020 and 2021 and we may not pay dividends on our common stock or preferred stock in the future.***

The board of directors declared cash dividends on the Company's 5.5% Series B Cumulative Convertible Preferred Stock, 8.25% Series D Cumulative Preferred Stock, Series E Redeemable Preferred Stock and Series M Redeemable Preferred Stock for the quarters ending March 30, 2022, June 30, 2022, September 30, 2022, December 31, 2022 each quarter of 2022 and March 31, 2023 2023 in amounts that such holders of our preferred stock are entitled to receive. We did not pay dividends on our common stock in fiscal years 2020 and 2021. In March 2022, the board of directors approved an update to our previously announced dividend policy for 2022 to revise our then-expectation to pay a quarterly dividend of \$0.01 per share of common stock during 2022. Our board of directors declared quarterly cash dividends of \$0.01 per diluted share for the Company's common stock for the quarters ending March 30, 2022, June 30, 2022 and September 30, 2022. On December 8, 2022, our board of directors increased the quarterly cash dividend from \$0.01 per diluted share to \$0.05 per diluted share beginning with the Company's common stock dividend for the fourth quarter of 2022 and approved the Company's dividend policy for 2023. The Company expects to pay paid a quarterly cash dividend of \$0.05 per share for the Company's common stock for 2023, or \$0.20 per share on an annualized basis. The approval of our dividend policy does not commit our board of directors to declare future dividends with respect to any quantity or the amount thereof and the board of directors may decide not to pay any dividends on our common stock and/or preferred stock. We may not pay dividends on our common stock or preferred stock in the future. If we fail to pay dividends on our common stock or preferred stock, the market price of our common stock or preferred stock will likely be adversely affected.

***We are required to make minimum base advisory fee payments to our advisor, Ashford Inc., under our advisory agreement, which must be paid even if our total market capitalization and performance decline. Similarly, we are required to make minimum base hotel management fee payments under our hotel management agreements with Remington Hotels, Hospitality, a subsidiary of Ashford Inc., which must be paid even if revenues at our hotels decline significantly.***

Pursuant to the advisory agreement between us and our advisor, we must pay our advisor on a monthly basis a base advisory fee (based on our total market capitalization), subject to a minimum base advisory fee. The minimum base advisory fee is equal to the greater of: (i) 90% of the base fee paid for the same month in the prior fiscal year; and (ii) 1/12th of the "G&A Ratio" for the most recently completed fiscal quarter multiplied by our total market capitalization on the last balance sheet date included in the most recent quarterly report on Form 10-Q or annual report on Form 10-K that we file with the SEC. Thus, even if our total market capitalization and performance decline, we will still be required to make monthly payments to our advisor equal to the minimum base management fee, which could adversely impact our liquidity and financial condition.

Similarly, pursuant to our hotel management agreement with Remington Hotels, Hospitality, a subsidiary of Ashford Inc., we pay Remington Hotels Hospitality monthly base hotel management fees on a per hotel basis equal to the greater of approximately \$16,000 \$17,000 per hotel (increased annually based on consumer price index adjustments) or 3% of

gross revenues. As a result, even if revenues at our hotels decline significantly, we will still be required to make minimum monthly payments to Remington Hotels Hospitality equal to approximately \$16,000 \$17,000 per hotel (increased annually based on consumer price index adjustments), which could adversely impact our liquidity and financial condition.

***Our business is significantly influenced by the economies and other conditions in the specific markets in which we operate, particularly in the metropolitan areas where we have high concentrations of hotels.***

Our hotels are located in the Washington, D.C., San Francisco, San Diego, Sarasota, Scottsdale, Seattle, Philadelphia, Chicago, Key West, Vail/Beaver Creek, Lake Tahoe, Los Angeles and St. Thomas metropolitan areas. As a result, we are particularly susceptible to adverse market conditions in these areas and any additional areas in which we may acquire assets in the future, including industry downturns, relocation of businesses and any oversupply of hotel rooms or a reduction in lodging demand. Adverse economic developments in the markets in which we have a concentration of hotels, or in any of the other markets in which we operate, or any increase in hotel supply or decrease in lodging demand resulting from the local, regional or national business climate, could adversely affect our business, operating results and prospects.

***Our investments are concentrated in the hotel industry, and our business would be adversely affected by an economic downturn in that sector.***

Our investments are concentrated in the hotel industry. This concentration may expose us to the risk of economic downturns in the hotel real estate sector to a greater extent than if our properties were more diversified across other sectors of the real estate industry.

***We face risks related to changes in the global economic and political environment, including capital and credit markets.***

Our business may be harmed by global economic conditions, which recently have been volatile. Political crises in individual countries or regions, including sovereign risk related to a deterioration in the creditworthiness of or a default by local governments, has contributed to this volatility. If the global economy experiences continued volatility or significant disruptions, such disruptions or volatility could hurt the U.S. economy and our business. More specifically, in addition to experiencing reduced demand for business and leisure travel because of a slow-down in the general economy, we could be harmed by disruptions resulting from tighter credit markets or by illiquidity resulting from an inability to access credit markets to obtain cash to support operations or make distributions to our stockholders as a result of global or international developments.

***We invest in the luxury segments of the lodging market, which are highly competitive and generally subject to greater volatility than most other market segments and could negatively affect our profitability.***

The luxury segments of the hotel business are highly competitive. Our hotel properties compete on the basis of location, room rates, quality, amenities, service levels, reputation and reservations systems, among many factors. There are many competitors in the luxury segments, and many of these competitors may have substantially greater marketing and financial resources than we have. This competition could reduce occupancy levels and rooms revenue at our hotels. Over-building in the lodging industry may increase the number of rooms available and may decrease occupancy and room rates. In addition, in periods of weak demand, as may occur during a general economic recession, our profitability may be negatively affected by the relatively high fixed costs of operating luxury hotels. If our hotels cannot compete effectively for guests, they will earn less revenue, which would result in lower cash available for us to meet debt service obligations, operating expenses, and make requisite distributions to stockholders.

***Because we depend upon Ashford LLC and its affiliates to conduct our operations, any adverse changes in the financial condition of Ashford LLC or its affiliates or our relationship with them could hinder our operating performance.***

We depend on Ashford LLC to manage our assets and operations. Any adverse changes in the financial condition of Ashford LLC, or its affiliates or our relationship with Ashford LLC could hinder its ability to manage us successfully.

***We depend on Ashford LLC's key personnel with long-standing business relationships. The loss of Ashford LLC's key personnel could threaten our ability to operate our business successfully.***

Our future success depends, to a significant extent, upon the continued services of Ashford LLC's management team. In particular, the hotel industry experience of Messrs. Monty J. Bennett, Richard J. Stockton, Alex Rose, Deric S. Eubanks, Mark L. Nunneley, Justin Coe, and J. Robison Hays III, and the extent and nature of the relationships they have developed with hotel franchisors, operators, and owners and hotel lending and other financial institutions are critically important to the success of our business. The loss of services of one or more members of Ashford LLC's management team could harm our business and our prospects.

***The aggregate amount of fees and expense reimbursements paid to our advisor will exceed the average of internalized expenses of our industry peers (as provided in our advisory agreement), as a percentage of total market capitalization. As a part of these fees, we must pay a minimum advisory fee to our advisor regardless of our performance.***

Pursuant to the advisory agreement between us and our advisor, we must pay our advisor a monthly base management fee (subject to a minimum fee described below) in an amount equal to 1/12th of the sum of (i) 0.70% of the total market capitalization of our company for the prior month, and (ii) the Net Asset Fee Adjustment (as defined in our advisory agreement), an annual incentive fee that will be based on our achievement of certain minimum performance thresholds and certain expense reimbursements. The monthly minimum base management fee will be equal to the greater of (i) 90% of the base fee paid for the same month in the prior year; and (ii) 1/12th of the "G&A Ratio" for the most recently completed fiscal quarter multiplied by the Total Market Capitalization (as defined in our advisory agreement) on the last balance sheet date included in the most recent Quarterly Report on Form 10-Q or Annual Report on Form 10-K filed by the Company with the SEC. The "G&A Ratio" will be calculated as the simple average of the ratios of total general and administrative expenses paid, less any non-cash expenses but including any dead-deal costs, in the applicable quarter by each member of a select peer group, divided by the total market capitalization of such peer group member (as provided in our advisory agreement). Since the base management fee is subject to this minimum amount and because a portion of such fees are contingent on our performance, the fees we pay to our advisor may fluctuate over time. However, regardless of our advisor's performance, the total amount of fees and reimbursements paid to our advisor as a percentage of market capitalization will never be less than the average of internalized expenses of our industry peers (as provided in our advisory agreement), and there may be times when the total amount of fees and incentives paid to our advisor greatly exceeds the average of internalized expenses of our industry peers.

Our advisor's entitlement to non-performance-based compensation, including the minimum base management fee, might reduce its incentive to devote its time and effort to seeking investments that provide attractive risk-adjusted returns for our portfolio. Further, our incentive fee structure may induce our advisor to encourage us to acquire certain assets, including speculative or high risk assets, or to acquire assets with increased leverage, which could increase the risk to our portfolio. For additional information, see the risk factor "We are required to make minimum base advisory fee payments to our advisor, Ashford Inc., under our advisory agreement, which must be paid even if our total market



capitalization and performance decline. Similarly, we are required to make minimum base hotel management fee payments under our hotel management agreements with Remington Hotels, Hospitality, a subsidiary of Ashford Inc., which must be paid even if revenues at our hotels decline significantly."

***Our business strategy depends on acquiring additional hotel properties on attractive terms and the failure to do so or to otherwise manage our planned growth successfully may adversely affect our business and operating results.***

We intend to acquire additional hotel properties in the future. We face significant competition for attractive investment opportunities from other well-capitalized investors, some of which have greater financial resources and greater access to debt and equity capital than we have. This competition increases as investments in real estate become increasingly attractive relative to other forms of investment. This competition could limit the number of suitable investment opportunities offered to us. It may also increase the bargaining power of property owners seeking to sell to us, making it more difficult for us to acquire new properties on attractive terms or on the terms contemplated in our business plan. As a result of such competition, we may be unable to acquire hotel properties that we deem attractive at prices that we consider appropriate or on terms that are satisfactory to us. If we do identify an appropriate acquisition candidate, we may not be able to successfully negotiate the terms of the acquisition. In addition, we expect to finance future acquisitions through a combination of the use of retained cash flows, property-level debt, and offerings of equity and debt securities, which may result in additional leverage or dilution to our stockholders. Any delay or failure on our part to identify, negotiate, finance on favorable terms, consummate and integrate such acquisitions could materially impede our growth.

In addition, we expect to compete to sell hotel properties. Availability of capital, the number of hotel properties available for sale and market conditions, all affect prices. We may not be able to sell hotel assets at our targeted price.

***There is no guarantee that Ashford Trust will sell us any of the properties that are subject to the right of first offer agreement.***

We may not be able to acquire any of the properties that are subject to the right of first offer agreement, either because Ashford Trust does not elect to sell such properties or we are not in a position to acquire the properties when Ashford Trust elects to sell. Further, if we materially change our investment guidelines without the express consent of Ashford LLC, no hotels acquired by Ashford Trust after the date of such change will be subject to the right of first offer.

***We may be unable to successfully integrate and operate acquired properties, which may have a material adverse effect on our business and operating results.***

Even if we are able to make acquisitions on favorable terms, we may not be able to successfully integrate and operate them. We may be required to invest significant capital and resources after an acquisition to maintain or grow the properties that we acquire. In addition, we may need to adapt our management, administrative, accounting, and operational systems, or hire and retain sufficient operational staff, to integrate and manage successfully any future acquisitions of additional assets. These and other integration efforts may disrupt our operations, divert Ashford LLC's attention away from day-to-day operations and cause us to incur unanticipated costs. The difficulties of integration may be increased by the necessity of coordinating operations in geographically dispersed locations. Our failure to integrate successfully any acquisitions into our portfolio could have a material adverse effect on our business and operating results. Further, acquired properties may have liabilities or adverse operating issues that we fail to discover through due diligence prior to the acquisition. The failure to discover such issues prior to such acquisition could have a material adverse effect on our business and results of operations.

Because our board of directors and Ashford LLC have broad discretion to make future investments, we may make investments that result in returns that are substantially below expectations or in net operating losses. In addition, our investment policies may be revised from time to time at the discretion of our board of directors, without a vote of our stockholders. Such discretion could result in investments with yield returns inconsistent with stockholders' expectations.

***Our joint venture investments could be adversely affected by our lack of sole decision-making authority, our reliance on a co-venturer's financial condition and disputes between us and our co-venturers.***

We own interests in two hotels through a joint venture and we do not have sole decision-making authority regarding these two properties. In addition, we may continue to co-invest with third parties through partnerships, joint ventures or other entities, acquiring controlling or noncontrolling interests in, or sharing responsibility for, managing the affairs of a property, partnership, joint venture or other entity. We may not be in a position to exercise sole decision-making authority regarding any future properties that we may hold in a partnership or joint venture. Investments in partnerships, joint ventures or other entities may, under certain circumstances, involve risks not present were a third party not involved, including the possibility that partners or co-venturers might become bankrupt, suffer a deterioration in their financial condition or fail to fund their share of required capital contributions. Partners or co-venturers may have economic or other business interests or goals which are inconsistent with our business interests or goals, and may be in a position to take actions contrary to our policies or objectives. Such investments may also have the potential risk of impasses on decisions, such as a sale, budgets, or financing, because neither we nor the partner or co-venturer have full control over the partnership or joint venture. Disputes between us and partners or co-venturers may result in litigation or arbitration that would increase our expenses and prevent our officers and/or directors from focusing their time and effort on our business. Consequently, actions by, or disputes with, partners or co-venturers might result in subjecting properties owned by the partnership or joint venture to additional risk. In addition, we may in certain circumstances be liable for the actions of our third-party partners or co-venturers.

***Hotel franchise or management agreement requirements or the loss of such an agreement could adversely affect us.***

We must comply with operating standards, terms, and conditions imposed by the franchisors or managers of the hotel brands under which our hotels operate. Franchisors periodically inspect their licensed hotels to confirm adherence to their operating standards. The failure of a hotel to maintain these standards could result in the loss or cancellation of a franchise license or other authority pursuant to which our hotels are branded and operated. With respect to operational standards, we rely on our hotel managers to conform to such standards. Franchisors or managers may also require us to make certain capital improvements to maintain the hotel in accordance with system standards, the cost of which can be substantial. A franchisor or manager could condition the continuation of branding and operational support based on the completion of capital improvements that Ashford LLC or our board of directors determines is not economically feasible in light of general economic conditions, the operating results or prospects of the affected hotel or other circumstances. In that event, Ashford LLC or our board of directors may elect to allow the franchise or management agreement to lapse or be terminated, which could result in a termination charge as well as a change in branding or operation of the hotel as an independent hotel. In addition, when the term of such agreement expires there is no obligation to issue a new franchise.

The loss of a franchise or management agreement could have a material adverse effect on the operations and/or the underlying value of the affected hotel because of the loss of associated name recognition, marketing support and centralized reservation systems provided by the franchisor or manager. Any such material adverse effect on one or more of our hotels may, in turn, have a material adverse effect on our business and operating results.

**We do not have any employees, and rely on our hotel managers to employ the personnel required to operate the hotels we own. As a result, we have less ability to reduce cannot control staffing at our hotels than we would if we employed such personnel directly. hotels. Additionally, our reliance on third-party hotel managers to operate our hotels and for a substantial majority of our cash flow may adversely affect us.**

We do not have any employees. We contractually engage hotel managers, such as Marriott (or its affiliates), Hilton (or its affiliates), Four Seasons, Hyatt, Accor and our affiliate, Remington Hotels, Hospitality, which is owned by Ashford Inc., to operate, and to employ the personnel required to operate, our hotels. Each hotel manager is required under the applicable hotel management agreement to determine appropriate staffing levels; and we are required to reimburse the applicable hotel manager for the cost of these employees. As a result, we are dependent on our hotel managers to make appropriate staffing decisions and to appropriately reduce staffing when market conditions are poor, and have less ability to we cannot reduce staffing at our hotels than as we would if we employed such personnel directly. As a result, our hotels may be staffed at a level higher than we would choose if we employed the personnel required to operate the hotels. In addition, we may be less likely to take aggressive actions (such as delaying payments owed to our hotel managers) in order to influence the staffing decisions made by Remington Hotels, Hospitality, which is our affiliate.

Additionally, because U.S. federal income tax laws restrict REITs and their subsidiaries from operating or managing hotels, third parties must operate our hotels. A REIT may lease its hotels to TRSs in which the REIT can own up to a 100% interest. A TRS pays corporate-level income tax and may retain any after-tax income. A REIT must satisfy certain conditions to use the TRS structure. One of those conditions is that the TRS must hire, to manage the hotels, an "eligible independent contractor" ("EIC") that is actively engaged in the trade or business of managing hotels for parties other than the REIT. An EIC cannot (i) own more than 35% of the REIT, (ii) be owned more than 35% by persons owning more than 35% of the REIT, or (iii) provide any income to the REIT (i.e., the EIC cannot pay fees to the REIT, and the REIT cannot own any debt or equity securities of the EIC). Accordingly, while we may lease hotels to a TRS that we own, the TRS must engage a third-party operator to manage the hotels. Thus, our ability to direct and control how our hotels are operated is less than if we were able to manage our hotels directly.

We are parties to hotel management agreements under which unaffiliated third-party hotel managers manage our hotels. We have also entered into a master hotel management agreement with Remington Hotels, Hospitality, a subsidiary of Ashford Inc., pursuant to which Remington Hotels Hospitality currently manages the Pier House Resort & Spa, the Bardessono Hotel and Spa, Hotel Yountville and Mr. C the Cameo Beverly Hills Hotel, Hills. We do not supervise any of the hotel managers or their respective personnel on a day-to-day basis. Without such supervision, our hotel managers may not manage our properties in a manner that is consistent with their respective obligations under the applicable management agreement or our obligations under our hotel management agreements, which are similar to franchise agreements, be negligent in their performance, engage in criminal or fraudulent activity, or otherwise default on their respective management obligations to us. If any of these events occur, our relationships with any managers may be damaged, we may be in breach of our management agreement, and we could incur liabilities resulting from loss or injury to our property or to persons at our properties. In addition, from From time to time, disputes may arise between us and our third-party managers regarding their performance or compliance with the terms of the hotel management agreements, which in turn could adversely affect us, us and we could incur liabilities resulting from loss or injury to our property or to persons at our properties. If we are unable to resolve such disputes through discussions and negotiations, we may choose to terminate our management agreement, litigate the dispute or submit the matter to third-party dispute resolution, the expense of which may be material and the outcome of which may harm our business, operating results or prospects.

On October 24, 2019, the Company provided notice to Accor of the material breach of its responsibilities under the Accor management agreement for the Sofitel Chicago Magnificent Mile at 20 East Chestnut Street in Chicago, Illinois. On November 7, 2019, Accor filed a complaint against Ashford TRS Chicago II in the Supreme Court of the State of New York, New York County, seeking a declaratory judgment that no breach had occurred. Accor's complaint was dismissed on or about February 27, 2020. On January 6, 2020, Ashford TRS Chicago II filed a complaint against Accor in the Supreme Court of the State of New York, New York County, alleging breach of the Accor management agreement and seeking declaration of its right to terminate the Accor management agreement. On July 20, 2020, Accor filed an Amended Answer and Counterclaims against Ashford TRS Chicago II. On February 23, 2022, Ashford TRS Chicago II and Accor filed a stipulation of discontinuance dismissing all claims, counterclaims, and cross-claims in the January 6, 2020 action with prejudice. Arbitration occurred on October 12 and 13, 2022. The arbitrator returned his decision on November 21, 2022, and the decision did not result in any additional amounts being owed to, or payable by, the Company.

**Our management agreements could adversely affect our ability to sell or finance our hotel properties.**

Our management agreements do not allow us to replace hotel managers on relatively short notice or with limited cost and also contain other restrictive covenants. We may enter into additional such agreements or acquire properties subject to such agreements in the future. For example, the terms of a management agreement may restrict our ability to sell a property unless the purchaser is not a competitor of the manager, assumes the management agreement and meets other conditions. Also, the terms of a long-term management agreement encumbering our property may reduce the value of the property. When we enter into or acquire properties subject to any such management agreements, we may be precluded from taking actions that we believe to be in our best interest and could incur substantial expense as a result.

Nine

**Ten of our hotels currently operate under Marriott or Hilton brands; therefore, we are subject to risks associated with concentrating our portfolio in just two brand families.**

Nine Ten of our 16 hotels utilize brands owned by Marriott (or its affiliates) or Hilton (or its affiliates). As a result, our success is dependent in part on the continued success of Marriott and Hilton and their respective brands (or the brands of their affiliates). We believe that building brand value is critical to increase demand and build customer loyalty. Consequently, if market recognition or the positive perception of Marriott and/or Hilton is reduced or compromised, the goodwill associated with the Marriott- and Hilton-branded hotels in our portfolio may be adversely affected. Furthermore, if our relationship with Marriott or Hilton were to deteriorate as a result of disputes regarding the management of our hotels or for other reasons, Marriott and/or Hilton might terminate its current management agreements or franchise licenses with us or decline to manage or provide franchise licenses for hotels we may acquire in the future.

**If we cannot obtain additional capital, our growth will be limited.**

We are required to distribute to our stockholders at least 90% of our REIT taxable income, excluding net capital gains, each year to qualify and maintain our qualification as a REIT. As a result, our retained earnings, if any, available to fund acquisitions, development, or other capital expenditures are nominal. As such, we rely upon the availability of additional debt or equity capital to fund these activities. Our long-term ability to grow through acquisitions or development, which is an important strategy for us, will be limited if we cannot obtain additional financing or equity capital. Market conditions may make it difficult to obtain financing or equity capital, and we may not be able to obtain additional debt or equity financing or obtain it on favorable terms.

**Some of our hotels are subject to ground leases; if we are found to be in breach of a ground lease or are unable to renew a ground lease, our business could be materially and adversely affected.**



Some of our hotels are on land subject to ground leases, two of which cover the entire property. Accordingly, we only own a long-term leasehold or similar interest, rather than a fee interest, in those two hotels. If we fail to make a payment on a ground lease or are otherwise found to be in breach of a ground lease, we could lose the right to use the hotel or the portion of the hotel property that is subject to the ground lease. In addition, unless we can purchase the fee simple interest in the underlying land and improvements, or extend the terms of these ground leases before their expiration, we will lose our right to operate these properties and our interest in the improvements upon expiration of the ground leases. We may not be able to renew any ground lease upon its expiration, or if renewed, the terms may not be favorable. Our ability to exercise any extension options relating to our ground leases is subject to the condition that we are not in default under the terms of the ground lease at the time we exercise such options. If we lose the right to use a hotel due to a breach or non-renewal of the ground lease, we would be unable to derive income from such hotel and would need to purchase an interest in another hotel to attempt to replace that income, which could materially and adversely affect our business, operating results and prospects. Our ability to refinance a hotel property subject to a ground lease may be negatively impacted as the ground lease expiration date approaches.

***In any eminent domain proceeding with respect to a hotel, we will not recognize any increase in the value of the land or improvements subject to our ground leases or at expiration and may only receive a portion of compensation paid.***

Unless we purchase a fee interest in the land and improvements subject to our ground leases, we will not have any economic interest in the land or improvements at the expiration of our ground leases. As a result, we will not share in any increase in value of the land or improvements beyond the term of a ground lease, notwithstanding our capital outlay to purchase our interest in the hotel or fund improvements thereon, and will lose our right to use the hotel. Furthermore, if the state or federal government seizes a hotel subject to a ground lease under its eminent domain power, we may only be entitled to a portion of any compensation awarded for the seizure.

***The expansion of our business into new markets outside of the United States will expose us to risks relating to owning hotels in those international markets.***

As part of our business strategy, we may acquire hotels that meet our investment criteria and are located in international markets. We may have difficulty managing our expansion into new geographic markets where we 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 and regulations. There are risks inherent in conducting business outside of the United States, which include risks related to:

- foreign employment laws and practices, which may increase the reimbursable costs incurred under our advisory agreement associated with international employees;
- foreign tax laws, which may provide for income or other taxes or tax rates that exceed those of the U.S. and which may provide that foreign earnings that are repatriated, directly or indirectly, are subject to dividend withholding tax requirements or other restrictions;
- compliance with and unexpected changes in regulatory requirements or monetary policy;
- the willingness of domestic or international lenders to provide financing and changes in the availability, cost and terms of such financing;
- adverse changes in local, political, economic and market conditions;
- increased costs of insurance coverage related to terrorist events;
- changes in interest rates and/or currency exchange rates;
- regulations regarding the incurrence of debt; and
- difficulties in complying with U.S. rules governing REITs while operating outside of the United States.

Any of these factors could affect adversely our ability to obtain all of the intended benefits of expanding internationally. If we do not effectively manage this expansion and successfully integrate the international hotels into our organization, our operating results and financial condition may be adversely affected.

***Compliance with international laws and regulations may require us to incur substantial costs.***

The operations of our international properties, if any, will be subject to a variety of U.S. and international laws and regulations, including the United States Foreign Corrupt Practices Act ("FCPA"). Before we invest in international markets, we will adopt policies and procedures designed to promote compliance with the FCPA and other anti-corruption laws, but we may not continue to be found to be operating in compliance with, or be able to detect violations of, any such laws or regulations. In addition, we cannot predict the nature, scope or effect of future regulatory requirements to which our international properties might be subject and the manner in which existing laws might be administered or interpreted.

***Exchange rate fluctuations could adversely affect our financial results.***

If we acquire hotels or conduct operations in an international jurisdiction, currency exchange rate fluctuations could adversely affect our results of operations and financial position. If we have international operations, a portion of our revenue and expenses could be generated in foreign currencies such as the Euro, the Canadian dollar and the British pound sterling. Any steps we take to reduce our exposure to fluctuations in the value of foreign currencies, such as entering into foreign exchange agreements or currency exchange hedging arrangements will not eliminate such risk entirely. To the extent that we are unable to match revenue received in foreign currencies with expenses paid in the same currency, exchange rate fluctuations could have a negative impact on our results of operations and financial condition. Additionally, because our consolidated financial results are reported in U.S. dollars, if we generate revenues or earnings in other currencies, the conversion of such amounts into U.S. dollars can result in an increase or decrease in the amount of our revenues or earnings.

***We are increasingly dependent on information technology, and **potential** cyber-attacks, security problems or other disruption and expanding social media vehicles present new risks.***

Ashford LLC and our hotel managers rely on information technology networks and systems, including the Internet, to process, transmit and store electronic information, and to manage or support a variety of business processes, including financial transactions and records, personal identifying information, reservations, billing and operating data. The collection and use of personally identifiable information is governed by federal and state laws and regulations. Privacy and information security laws continue to evolve and may be inconsistent from one jurisdiction to another. Compliance with all such laws and regulations may increase the Company's operating costs and adversely impact the Company's ability to market the Company's properties and services.

Ashford LLC and our hotel managers may purchase some of our information technology from vendors, on whom our systems will depend, and Ashford LLC relies on commercially available systems, software, tools and monitoring to provide security for processing, transmission and storage of confidential operator and other customer information. We depend upon the secure transmission of this information over public networks. Ashford LLC's and hotel managers' networks and storage applications could be subject to unauthorized access by hackers or others through cyber-attacks, which are rapidly evolving and becoming increasingly sophisticated, or by other means, or may be breached due to

operator error, malfeasance or other system disruptions. During the quarter ended September 30, 2023, we had a cyber incident that resulted in the potential exposure of certain employee personal information. We have completed an investigation and have identified certain employee information that may have been exposed, but we have not identified that any customer information was exposed. All systems have been restored. Privacy and information security risks have generally increased in recent years because of the proliferation of new technologies, such as ransomware, and the increased sophistication and activities of perpetrators of cyber-attacks. Further, there has been a surge in widespread cyber-attacks during and since the COVID-19 pandemic, and the use of remote work environments and virtual platforms may increase our risk of cyber-attack or data security breaches. In light of the increased risks, including due to the increased remote access associated with work-from-home arrangements as a result of the COVID-19 pandemic, Ashford LLC has dedicated additional resources on our behalf to strengthen the security of our computer systems. In the future, Ashford LLC may expend additional resources on our behalf to continue to enhance our information security measures and/or to investigate and remediate any information security vulnerabilities. Despite these steps, there can be no assurance that we will not suffer a significant data security incident in the future, that unauthorized parties will not gain access to sensitive data stored on our systems or that any such incident will be discovered in a timely manner.

In addition, the use of social media could cause us to suffer brand damage or information leakage. Negative posts or comments about us, our hotel managers or our hotels on any social networking website could damage our or our hotels' reputations. In addition, employees or others might disclose non-public sensitive information relating to our business through external media channels. The continuing evolution of social media will present us with new challenges and risks.

***We may experience losses caused by severe weather conditions or natural disasters.***

Our properties are susceptible to extreme weather conditions, which may cause property damage or interrupt business, which could harm our business and results of operations. Certain of our hotels are located in areas that may be subject to extreme weather conditions, including, but not limited to, hurricanes, floods, tornados and winter storms in the United States and the Caribbean. Such extreme weather conditions may interrupt our operations, damage our hotels, and reduce the number of guests who visit our hotels in such areas. In addition, our operations could be adversely impacted by a drought or other cause of water shortage. A severe drought of extensive duration experienced in California or in the other regions in which we operate or source critical supplies could adversely affect our business. Over time, these conditions could result in declining hotel demand, significant damage to our properties or our inability to operate the affected hotels at all.

We believe that our properties are adequately insured, consistent with industry standards, to cover reasonably anticipated losses that may be caused by hurricanes, earthquakes, tornados, floods and other severe weather conditions and natural disasters. Nevertheless, we are subject to the risk that such insurance will not fully cover all losses and, depending on the severity of the event and the impact on our properties, such insurance may not cover a significant portion of the losses including but not limited to the costs associated with evacuation. These losses may lead to an increase in our cost of insurance, a decrease in our anticipated revenues from an affected property or a loss of all or a portion of the capital we have invested in an affected property. In addition, we may not purchase insurance under certain circumstances if the cost of insurance exceeds, in our judgment, the value of the coverage relative to the risk of loss.

***Changes in laws, regulations or policies may adversely affect our business.***

The laws and regulations governing our business or the regulatory or enforcement environment at the federal level or in any of the states in which we operate may change at any time and may have an adverse effect on our business. We are unable to predict how this or any other future legislative or regulatory proposals or programs will be administered or implemented or in what form, or whether any additional or similar changes to statutes or regulations, including the interpretation or implementation thereof, will occur in the future. Any such action could affect us in substantial and unpredictable ways and could have an adverse effect on our results of operations and financial condition. Our inability to remain in compliance with regulatory requirements in a particular jurisdiction could have a material adverse effect on our operations in that market and on our reputation generally. Applicable laws or regulations may be amended or construed differently and new laws and regulations may be adopted, either of which could materially adversely affect our business, financial condition, or results of operations.

***We may from time to time be subject to litigation, which could have a material adverse effect on our financial condition, results of operations, cash flow and trading price of our common stock.***

We may from time to time be subject to litigation. Some of these claims may result in defense costs, settlements, fines or judgments against us, some of which may not be covered by insurance. Payment of any such costs, settlements, fines or judgments that are not insured could have a material adverse impact on our financial position and results of operations. Negative publicity regarding claims or judgments made against us or involving our hotels may damage our, or our hotels', reputations. In addition, certain litigation or the resolution of certain litigation may affect the availability or cost of some of our insurance coverage, which could adversely impact our results of operations and cash flows, expose us to increased risks that would be uninsured, and/or adversely impact our ability to attract officers and directors.

A class action lawsuit has been filed against one of the Company's hotel management companies alleging violations of certain California employment laws, which class action affects two hotels owned by subsidiaries of the Company. For more information, see "Item 3. Legal Proceedings."

**Risks Related to our Debt Financing**

***We have a significant amount of debt, and our organizational documents have no limitation on the amount of additional indebtedness that we may incur in the future.***

As of December 31, 2022 December 31, 2023, we had approximately \$1.3 billion \$1.2 billion of outstanding indebtedness, including approximately \$1.3 billion \$1.1 billion of variable interest rate debt, and we expect to incur additional indebtedness, including additional variable-rate debt. In the future, we may incur additional indebtedness to finance future hotel acquisitions, capital improvements and development activities and other corporate purposes.

A substantial level of indebtedness could have adverse consequences for our business, results of operations and financial position because it could, among other things:

- require us to dedicate a substantial portion of our cash flow from operations to make principal and interest payments on our indebtedness, thereby reducing our cash flow available to fund working capital, capital expenditures and other general corporate purposes, including to pay dividends on our common stock and our preferred stock as currently contemplated or necessary to satisfy the requirements for qualification as a REIT;
- increase our vulnerability to general adverse economic and industry conditions and limit our flexibility in planning for, or reacting to, changes in our business and our industry;
- limit our ability to borrow additional funds or refinance indebtedness on favorable terms or at all to expand our business or ease liquidity constraints; and
- place us at a competitive disadvantage relative to competitors that have less indebtedness.

Our charter and bylaws do not limit the amount or percentage of indebtedness that we may incur, and we are subject to risks normally associated with debt financing. Generally, our mortgage debt carries maturity dates or call dates such that the loans become due prior to their full amortization. It may be difficult to refinance or extend the maturity of such loans on terms acceptable to us, or at all. These conditions could adversely affect our financial position, results of operations, and cash flows or the market price of our stock.

Under our advisory agreement, Ashford LLC is entitled to receive a monthly base fee in an amount equal to 1/12th of the sum of (i) 0.70% of the total market capitalization of our company for the prior month, and (ii) the Net Asset Fee Adjustment, which is defined in the advisory agreement to include our indebtedness and other factors. This fee increases as the aggregate principal amount of our consolidated indebtedness (including our proportionate share of debt of any entity that is not consolidated but excluding our joint venture partners' proportionate share of consolidated debt) increases. As a result, any increase in our consolidated indebtedness will also increase the fees we pay to Ashford LLC. The structure of this fee may incentivize Ashford LLC to recommend we increase our indebtedness, thereby increasing the fee, when it may not be in the best interest of our stockholders to do so.

In addition, changes in economic conditions, our financial condition or operating results or prospects could:

- result in higher interest rates on our variable-rate debt,
- reduce the availability of debt financing generally or debt financing at favorable rates,
- reduce cash available for distribution to stockholders, or
- increase the risk that we could be forced to liquidate assets to repay debt.

**Increases in Higher interest rates could increase have increased our debt payments. payments and such debt payments may remain high.**

As of **December 31, 2022** **December 31, 2023**, we had approximately **\$1.3 billion** **\$1.2 billion** of outstanding indebtedness, including approximately **\$1.3 billion** **\$1.1 billion** of variable interest rate debt, and we expect to incur additional indebtedness, including additional variable-rate debt. **Increases in Higher interest rates increase in the past few years have negatively impacted nearly all commercial real estate managers, including the Company. Higher interest rates have increased** our interest costs on our variable-rate debt and could increase interest expense on any future fixed rate debt we may incur, and interest we pay reduces our cash available for distributions, expansion, working capital and other uses. Moreover, periods of rising interest rates heighten the risks described immediately above under "We have a significant amount of debt, and our organizational documents have no limitation on the amount of additional indebtedness that we may incur in the future."

**We may enter into other transactions that could further exacerbate the risks to our financial condition. The use of debt to finance future acquisitions could restrict operations, inhibit our ability to grow our business and revenues, and negatively affect our business and financial results.**

We intend to incur additional debt in connection with future hotel acquisitions. We may borrow new funds to acquire hotels. In addition, we may incur mortgage debt by obtaining loans secured by a portfolio of some or all of the hotels that we own or acquire. If necessary or advisable, we also may borrow funds to make distributions to our stockholders to maintain our qualification as a REIT for U.S. federal income tax purposes. To the extent that we incur debt in the future and do not have sufficient funds to repay such debt at maturity, it may be necessary to refinance the debt through debt or equity financings, which may not be available on acceptable terms or at all and which could be dilutive to our stockholders. If we are unable to refinance our debt on acceptable terms or at all, we may be forced to dispose of hotels at inopportune times or on disadvantageous terms, which could result in losses. To the extent we cannot meet our future debt service obligations, we will risk losing to foreclosure some or all of our hotels that may be pledged to secure our obligation.

**Covenants, "cash trap" provisions or other terms in our mortgage loans and our senior convertible notes, as well as any future credit facility, could limit our flexibility and adversely affect our financial condition or our qualification as a REIT.**

Some of our loan agreements contain financial and other covenants. If we violate covenants in any debt agreements, we could be required to repay all or a portion of our indebtedness before maturity at a time when we might be unable to arrange financing for such repayment on attractive terms, if at all. Violations of certain debt covenants may also prohibit us from borrowing unused amounts under our lines of credit, even if repayment of some or all the borrowings is not required. In addition, financial covenants under our current or future debt obligations could impair our planned business strategies by limiting our ability to borrow beyond certain amounts or for certain purposes.

Some of our loan agreements also contain cash trap provisions that are triggered if the performance of our hotels decline. When these provisions are triggered, substantially all of the profit generated by our hotels is deposited directly into lockbox accounts and then swept into cash management accounts for the benefit of our various lenders. Cash is not distributed to us at any time after the cash trap provisions have been triggered until we have cured performance issues. This could affect our liquidity and our ability to make distributions to our stockholders. If we are not able to make distributions to our stockholders, we may not qualify as a REIT.

**There is refinancing risk associated with our debt.**

We finance our long-term growth and liquidity needs with, among other things, secured and unsecured debt financings having staggered maturities, and use variable-rate debt or a mix of fixed and variable-rate debt as appropriate based on favorable interest rates, principal amortization and other terms. If we do not have sufficient funds to repay the debt at the maturity of these loans, we will need to refinance this debt. If the credit environment is constrained at the time of our debt maturities, we would have a very difficult time refinancing debt. When we refinance our debt, prevailing interest rates and other factors may result in paying a greater amount of debt service, which will adversely affect our cash flow, and, consequently, our cash available for distribution to our stockholders. If we are unable to refinance our debt on acceptable terms, we may be forced to choose from a number of unfavorable options. These options include agreeing to otherwise unfavorable financing terms on one or more of our unencumbered assets, selling one or more hotels on disadvantageous terms, including unattractive prices or defaulting on the mortgage and permitting the lender to foreclose. Any one of these options could have a material adverse effect on our business, financial condition, results of operations and our ability to make distributions to our stockholders.

**Our hedging strategies may not be successful in mitigating our risks associated with interest rates and could reduce the overall returns on an investment in our Company.**

We may use various financial instruments, including derivatives, to provide a level of protection against interest rate increases and other risks, but no hedging strategy can protect us completely. These instruments, such as the risk that the counterparties may fail to honor their obligations under these arrangements, that these arrangements may not be effective in reducing our exposure to interest rate changes or other risks and that a court could rule that such agreements are not legally enforceable. These instruments may also generate income that may not be treated as qualifying REIT income. In addition, the nature and timing of hedging transactions may influence the effectiveness of our hedging strategies. Poorly designed strategies or improperly executed transactions could actually increase our risk and losses. Moreover, hedging strategies involve transaction and other costs. We cannot assure you that our hedging strategy and the instruments that we use will not adequately offset the risk of interest rate volatility or other risks or that our hedging transactions will not result in losses that may reduce the overall return on your investment.

**We may be adversely affected by changes in LIBOR or SOFR reporting practices, the method in which LIBOR or SOFR is determined or the transition away from LIBOR to SOFR or other alternative reference rates.**

In July 2017, the United Kingdom regulator that regulates London Interbank Offered Rate ("LIBOR") announced its intention to phase out LIBOR rates by the end of 2021. On March 5, 2021, the ICE Benchmark Administration Limited, the administrator of LIBOR, and the Financial Conduct Authority announced that all LIBOR rates will either cease to be published by any benchmark administrator, or no longer be representative immediately after December 31, 2021 for all GBP, EUR, CHF and JPY LIBOR rates and one-week and two-month U.S. dollar LIBOR rates, and immediately after June 30, 2023 for the remaining U.S. dollar LIBOR rates. As of January 1, 2022, publication of one-week and two-month U.S. dollar LIBOR has ceased, and regulated U.S. financial institutions are no longer permitted to enter into new contracts referencing any LIBOR rates. The Alternative Reference Rates Committee ("ARRC"), a committee convened by the Federal Reserve Board and the New York Federal Reserve Bank, has proposed replacing U.S. dollar LIBOR with a new index based on trading in overnight repurchase agreements, the Secured Overnight Financing Rate ("SOFR"). The ARRC has formally announced and recommended SOFR as an alternative reference rate to LIBOR. As of December 31, 2022, we had approximately \$1.3 billion of variable interest rate debt as well as interest rate derivatives including caps on the majority of our variable rate debt that are indexed to LIBOR.

The methodology of calculating SOFR is different to that of LIBOR, as SOFR is calculated using short-term repurchase agreements backed by U.S. Treasury securities and is backward looking, while LIBOR is an estimated forward-looking rate and relies, to some degree, on the expert judgment of submitting panel members. In addition since SOFR is a secured rate backed by government securities, it does not take into account bank credit risk (as is the case with LIBOR). SOFR also may be more volatile than LIBOR. In July 2021, the ARRC formally recommended the use of forward-looking term rates based on SOFR published by CME Group (the "Term SOFR") on commercial loans. While Term SOFR matches more closely the term structure and forward-looking features of LIBOR, as a calculation based on a secured overnight financing rate it still does not match the credit risk-sensitive nature of LIBOR as an unsecured term rate. At this time, there is no guarantee that such transition from LIBOR to SOFR will not result in financial market disruptions.

Our financial instruments may require changes to documentation as well as enhancements and modifications to systems, controls, procedures and models, which could present operational and legal challenges for us and our clients, customers, investors and counterparties. There can be no assurance that we will be able to modify all existing financial instruments before the discontinuation of LIBOR. If such financial instruments are not remediated to provide a method for transitioning from LIBOR to an alternative reference rate, the New York state LIBOR legislation and proposed federal legislation related to the LIBOR transition may provide statutory solutions to implement an alternative reference rate and provide legal protection against litigation. Any of these proposals or consequences could have a material adverse effect on our financing costs, and as a result, our financial condition, operating results and cash flows. We continue to monitor developments in the LIBOR transition and the proposed federal legislation related to the LIBOR transition to facilitate an orderly transition away from the use of LIBOR.

#### Risks Related to Conflicts of Interest

**Our separation and distribution agreement, our advisory agreement, the original master hotel management agreement, the original mutual exclusivity agreement and other agreements entered into in connection with the spin-off, as well as the master project management agreement, the master hotel management agreement, the hotel management MEA and the project management MEA entered into in connection with Ashford Inc.'s August 2018 acquisition of Premier and the ERFPA Agreement were not negotiated on an arm's-length basis with an unaffiliated third party, and we may pursue less vigorous enforcement of the terms of the current agreements because of conflicts of interest with certain of our executive officers and directors and key employees of Ashford LLC.**

Because our officers and the chairman of our board of directors are also key employees of Ashford LLC or its affiliates and have ownership interests in Ashford Trust, our separation and distribution agreement, our advisory agreement, our original master hotel management agreement, our original mutual exclusivity agreement and other agreements entered into in connection with the spin-off were not negotiated on an arm's-length basis, and we did not have the benefit of arm's-length negotiations of the type normally conducted with an unaffiliated third party. Due to the subsequent spin-off of Ashford Inc., the parent company of Ashford LLC in November 2014, these officers and directors also have ownership interests in the parent company of Ashford LLC and its subsidiaries. As a result of our affiliations with Ashford Trust, Ashford Inc. and its subsidiaries (including Ashford LLC, Remington Hotels Hospitality and Premier), the terms, including fees and other amounts payable, of agreements between us and Ashford Trust, Ashford LLC or Remington Hotels Hospitality, including our master hotel management agreement and hotel management MEA with Remington Hotels Hospitality and our master project management agreement and project management MEA with Premier, may not be as favorable to us as the terms under an arm's-length agreement. Furthermore, we may choose not to enforce, or to enforce less vigorously, our rights under these agreements because of our desire to maintain our ongoing relationship with Ashford Trust and Ashford LLC.

Ashford LLC may also manage other entities or assets in the future. Our officers and certain of our directors may also be key officers or directors of such future entities or their affiliates and may have ownership interests in such entities. Any such positions or interests could present additional conflicts of interest for our officers and certain of our directors.

**Ashford LLC was a subsidiary of Ashford Trust until its spin-off and may be able to direct attractive investment opportunities to Ashford Trust and away from us.**

Until its spin-off on November 12, 2014, Ashford LLC was a subsidiary of Ashford Trust, a publicly-traded hotel REIT, with investment objectives that are similar to ours. So long as Ashford LLC is our external advisor, our governing documents require us to include persons designated by Ashford LLC as candidates for election as director at any stockholder meeting at which directors are to be elected, as described in our governing documents. Each of our executive officers and one of our directors also serve as employees and/or officers of Ashford LLC. In addition each of our officers, other than Mr. Richard Stockton, and one of our directors serve as officers and/or directors of Ashford Trust. Furthermore, Mr. Monty J. Bennett, our previous chief executive officer and current chairman, is also the chairman of Ashford Trust and the chairman, chief executive officer and a significant stockholder of Ashford Inc. Our advisory agreement requires Ashford LLC to present investments that satisfy our investment guidelines to us before presenting them to Ashford Trust or any future client of Ashford LLC. Our board may modify or supplement our investment guidelines from time to time so long as we do not change our investment guidelines in such a way as to be directly competitive with all or any portion of Ashford Trust's investment guidelines as of the date of the advisory agreement. If we materially change our investment guidelines without the express consent of Ashford LLC, then Ashford LLC will not have an obligation to present investment opportunities to us and instead Ashford LLC will use its best judgment to allocate investment opportunities and other entities it advises, taking into account such factors as Ashford LLC deems relevant, in its discretion, subject to any then-existing obligations of Ashford LLC to such other entities.

However, some portfolio investment opportunities may include hotels that satisfy our investment objectives as well as hotels that satisfy the investment objectives of Ashford Trust or other entities advised by Ashford LLC. If the portfolio cannot be equitably divided, Ashford LLC will necessarily have to make a determination as to which entity will be presented with the opportunity. In such a circumstance, our advisory agreement requires Ashford LLC to allocate portfolio investment opportunities between us and Ashford Trust or other entities advised by Ashford LLC in a fair and equitable manner, consistent with our, Ashford Trust's and such other entities' investment objectives. In making this determination, Ashford LLC, using substantial discretion, is required to consider the investment strategy and guidelines of each entity with respect to acquisition of properties, portfolio concentrations, tax consequences, regulatory restrictions, liquidity requirements, leverage and other factors deemed appropriate. In making the allocation determination, Ashford LLC has no obligation to make any such investment opportunity available to us. Ashford LLC and Ashford Trust have agreed that any new investment opportunities that satisfy our

investment guidelines will be presented to our board of directors; however, our board will have only ten business days to make a determination with respect to such opportunity prior to it being available to Ashford Trust. The above mentioned dual responsibilities may create conflicts of interest for our officers that could result in decisions or allocations of investments that may benefit Ashford Trust more than they benefit our company, and Ashford Trust may compete with us with respect to certain investments that we may want to acquire.

**Ashford LLC and its employees, some of whom are our executive officers, face competing demands relating to their time and this may adversely affect our operations.**

We rely on Ashford LLC, its subsidiaries and its employees for the day-to-day operation of our business and management of our assets and the provision of design and construction services. Until its spin-off, Ashford LLC was wholly-owned wholly owned by Ashford Trust. Ashford LLC is led by our current management team, which is also the current management team of Ashford Trust (in each case, other than Mr. Richard Stockton). Because some of Ashford LLC's employees have duties to Ashford Trust as well as to our company, we do not have their undivided attention and they face conflicts in allocating their time and resources between our company, Ashford Inc. and Ashford Trust. If Ashford LLC advises and/or leads any additional entities, or manages additional assets, in the future, this could present additional conflicts with respect to the allocation of the time and resources of our management team. As a result of the spin-off of Ashford LLC, its employees have additional responsibilities relating to Ashford Inc.'s status as a public company. During turbulent market conditions, or other times when we need focused support and assistance from Ashford LLC, other entities for which Ashford LLC also acts as an external advisor or Ashford Trust may likewise require greater focus and attention, placing competing high levels of demand on the limited time and resources of Ashford LLC's employees. We may not receive the necessary support and assistance we require or would otherwise receive if we were internally managed by persons working exclusively for us.

**We provide funds to Ashford Inc. to fund the formation, registration and ongoing funding needs of Ashford Securities, which could result in certain conflicts of interest. There can be no assurance Ashford Securities will continue to be successful in helping us raise capital.**

In connection with the formation of Ashford Securities by Ashford Inc. in September of 2019, we and Ashford Trust entered into a contribution agreement to provide funds to Ashford Inc. to fund the formation, registration and ongoing funding requirements of Ashford Securities. As a result, Ashford Securities' operation and management may be influenced or affected by conflicts of interest arising out of its relationship with us, and Ashford Trust. Additionally, the agreements between us and our related parties, including Ashford Securities, may not be arm's-length agreements and may not be as favorable to our investors as would be the case if the parties were operating at arm's-length. There can be no assurance that Ashford Securities will continue to be successful in helping us to raise capital.

**Conflicts of interest with Remington Hotels Hospitality and Premier, each of which is a subsidiary of Ashford Inc., could result in our management acting other than in our stockholders' best interest.**

Remington Hotels Hospitality, a subsidiary of Ashford Inc., currently manages the Pier House Resort & Spa, the Bardessono Hotel and Spa, Hotel Yountville and Mr. C Cameo Beverly Hills Hotel. We expect Remington Hotels Hospitality will manage certain of the hotels we acquire in the future. Premier, also a subsidiary of Ashford Inc., currently provides design and construction services to us. We expect Premier will also provide design and construction services to us in the future. Conflicts of interest in general and specifically relating to Remington Hotels Hospitality and Premier may lead to management decisions that are not in our stockholders' best interest. Mr. Monty J. Bennett and Mr. Archie Bennett, Jr., beneficially owned 100% of Remington Lodging prior to its acquisition by Ashford Inc. on November 6, 2019.

As of December 31, 2022 December 31, 2023, Mr. Monty J. Bennett, chairman of our board of directors and chairman, chief executive officer and a significant stockholder of Ashford Inc. and Mr. Archie Bennett, Jr. together owned approximately 610,246 610,261 shares of Ashford Inc. common stock, which represented an approximate 19.6% 19.0% ownership interest in Ashford Inc., and owned 18,758,600 shares of Ashford Inc. Series D Convertible Preferred Stock, which, along with all unpaid accrued and accumulated dividends thereon, was convertible (at a conversion price of \$117.50 per share) into an additional approximate 4,145,385 4,229,668 shares of Ashford Inc. common stock, which if converted as of December 31, 2022 December 31, 2023 would have increased the Bennetts' ownership interest in Ashford Inc. to 65.5% 65%. The 18,758,600 shares of Series D Convertible Preferred Stock owned by Mr. Monty J. Bennett and Mr. Archie Bennett, Jr. include 362,959 360,000 shares owned by trusts.

We have entered into a hotel management MEA and a master hotel management agreement with Remington Hotels Hospitality and a project management MEA and master project management agreement with Premier. To the extent we have the right or control the right to direct such matters, the hotel management MEA requires us to engage Remington Hotels Hospitality to provide, under the master hotel management agreement, hotel management services for all future properties that we acquire, unless our independent directors either (i) unanimously vote not to hire Remington Hotels Hospitality, or (ii) based on special circumstances or past performance, by a majority vote, elect not to engage Remington Hotels Hospitality because they have determined, in their reasonable business judgment, that it would be in our best interest not to engage Remington Hotels Hospitality or that another manager or developer could perform the duties materially better. The project management MEA and master project management agreement with Premier contains similar provisions. A beneficial owner of a significant position in Ashford Inc. would receive (through Premier) any project management and termination fees payable by us under the master project management agreement. Mr. Monty J. Bennett may influence our decisions to sell, acquire, or develop hotels when it is not in the best interest of our stockholders to do so.

Mr. Monty J. Bennett's ownership interests in and management obligations to Ashford Inc. present him with conflicts of interest in making management decisions related to the commercial arrangements between us and Ashford Inc., and his management obligations to Ashford Inc. reduce the time and effort he spends overseeing our company. Our board of directors has adopted a policy that requires all material approvals, actions or decisions which we have the right to make under the master hotel management agreement with Remington Hotels Hospitality and the master project management agreement with Premier be approved by a majority or, in certain circumstances, all, of our independent directors. However, given the authority and/or operational latitude provided to Remington Hotels Hospitality under the master hotel management agreement and to Premier under the master project management agreement, Mr. Monty J. Bennett, as the chairman and chief executive officer of Ashford Inc., could take actions or make decisions that are not in our stockholders' best interest or that are otherwise inconsistent with his obligations to us under the master hotel management agreement or our obligations under the applicable franchise agreements or his obligations to us under the master project management agreement.

**Ashford Inc.'s ability to exercise significant influence over the determination of the competitive set for any hotels managed by Remington Hotels Hospitality could artificially enhance the perception of the performance of a hotel, making it more difficult to use managers other than Remington Hotels Hospitality for future properties.**

Under our master hotel management agreement with Remington Hotels Hospitality, we have the right to terminate Remington Hotels Hospitality based on the performance of the applicable hotel, subject to the payment of a termination fee. The determination of performance is based on the applicable hotel's gross operating profit margin and its RevPAR penetration index, which provides the relative revenue per room generated by a specified property as compared to its competitive set. For each hotel managed by Remington Hotels Hospitality, its competitive set consists of a small group of hotels in the relevant market that we and Remington Hotels Hospitality believe are comparable for purposes of



benchmarking the performance of such hotel. Ashford Inc. has significant influence over the determination of the competitive set for any of our hotels that it manages. Ashford Inc. could artificially enhance the perception of the performance of a hotel by selecting a competitive set that is not performing well or is not comparable to the Remington **Hotels-managed Hospitality-managed** hotel, thereby making it more difficult for us to elect not to use Remington **Hotels Hospitality** for future hotel management.

***Remington **Hotels Hospitality** may be able to pursue lodging investment opportunities that compete with us.***

Pursuant to the terms of our hotel management MEA with Remington **Hotels, Hospitality**, if investment opportunities that satisfy our investment criteria are identified by Remington **Hotels Hospitality** or its affiliates, Remington **Hotels Hospitality** will give us a written notice and description of the investment opportunity. We will have 10 business days to either accept or reject the investment opportunity. If we reject the opportunity, Remington **Hotels Hospitality** may then pursue such investment opportunity, subject to a right of first refusal in favor of Ashford Trust pursuant to an existing agreement between Ashford Trust and Remington **Hotels, Hospitality**, on materially the same terms and conditions as offered to us. If we reject such an investment opportunity, either Ashford Trust or Remington **Hotels Hospitality** could pursue the opportunity and compete with us. In such a case, Mr. Monty J. Bennett, chairman of our board, in his capacity as chairman and chief executive officer of Ashford Trust could be in a position of directly competing with us, and Remington **Hotels Hospitality** may compete with us with respect to certain investments that we may want to acquire.

***Our fiduciary duties as the general partner of our operating partnership could create conflicts of interest, which may impede business decisions that could benefit our stockholders.***

As the general partner of our operating partnership, we have fiduciary duties to the other limited partners in our operating partnership, the discharge of which may conflict with the interests of our stockholders. The limited partners of our operating partnership have agreed that, if a conflict in the fiduciary duties owed by us to our stockholders and, in our capacity as general partner of our operating partnership, to such limited partners, we are under no obligation to give priority to the interests of such limited partners. In addition, persons holding common units have the right to vote on certain amendments to the operating partnership agreement (which require approval by a majority in interest of the limited partners, including us) and individually to approve certain amendments that would adversely affect their rights. These voting rights may be exercised in a manner that conflicts with the interests of our stockholders. For example, we cannot modify the rights of limited partners to receive distributions as set forth in the operating partnership agreement in a manner that adversely affects their rights without their consent, even though such modification might be in the best interest of our stockholders.

In addition, conflicts may arise when the interests of our stockholders and the limited partners of our operating partnership diverge, particularly in circumstances in which there may be an adverse tax consequence to the limited partners. As a result of unrealized built-in gain attributable to contributed property at the time of contribution, some holders of common units may suffer different and more adverse tax consequences than holders of our common stock upon the sale or refinancing of the properties owned by our operating partnership, including disproportionately greater allocations of items of taxable income and gain upon a realization event. As those holders will not receive a correspondingly greater distribution of cash proceeds, they may have different objectives regarding the appropriate pricing, timing and other material terms of any sale or refinancing of certain properties, or whether to sell or refinance such properties at all. As a result, Ashford LLC may cause us to sell, not sell or refinance certain properties, even if such actions or inactions might be financially advantageous to our stockholders, or to enter into tax deferred exchanges with the proceeds of such sales when such a reinvestment might not otherwise be in our best interest.

***Our conflicts of interest policy may not adequately address all of the conflicts of interest that may arise with respect to our activities.***

We have adopted a conflicts of interest policy to address specifically some of the conflicts relating to our activities which requires the approval of a majority of our disinterested directors to approve any transaction, agreement or relationship in which any of our directors or officers, Ashford LLC or its employees, **or Ashford Trust or Stirling Inc.** has an interest. In connection with this policy, our board of directors has established a Related Party Transactions Committee (consisting of Messrs. Vaziri and Rinaldi and

Ms. Carter), which is empowered to deny a new proposed interested party transaction or recommend the transaction for approval by a majority of the independent directors. Our policies, however, may not be adequate to address all of the conflicts that may arise. In addition, it may not address such conflicts in a manner that is favorable to us.

***The potential for conflicts of interest as a result of our management structure may provoke dissident stockholder activities that result in significant costs.***

Particularly following periods of volatility in the overall market or declines in the market price of the company's securities, REITs, including us have been targets of stockholder litigation, stockholder director nominations and stockholder proposals by dissident stockholders that allege conflicts of interest in business dealings with affiliated and related persons and entities. Our relationships with Ashford LLC, Ashford Inc., Ashford Trust, **Stirling Inc.**, the other businesses and entities to which Ashford LLC and Ashford Inc. provide management or other services, Mr. Monty J. Bennett, Mr. Archie Bennett, Jr. and with other related parties of Ashford Inc. and Ashford Trust may precipitate such activities. These activities, if instituted against us, could result in substantial costs and a diversion of our management's attention even if the action is unfounded.

Responding to actions by activist investors can be costly and time-consuming, disrupting our operations and diverting the attention of management and our employees. Stockholder activism could create perceived uncertainties as to our future direction, which could result in the loss of potential business opportunities and make it more difficult for our advisor to attract and retain qualified personnel and business partners. Furthermore, the election of individuals to our board of directors with a specific agenda could adversely affect our ability to effectively and timely implement our strategic plans.

## **Risks Related to Hotel Investments**

***We are subject to general risks associated with operating hotels.***

We own hotel properties, which have different economic characteristics than many other real estate assets and a hotel REIT is structured differently than many other types of REITs. A typical office property, for example, has long-term leases with third-party tenants, which provides a relatively stable long-term stream of revenue. Hotels, on the other hand, generate revenue from guests that typically stay at the hotel for only a few nights, which causes the room rate and occupancy levels at each of our hotels to change every day, and results in earnings that can be highly volatile. In addition, our hotels are subject to various operating risks common to the hotel industry, many of which are beyond our control, and are discussed in more detail below.

***Declines in or disruptions to the travel industry could adversely affect our business and financial performance.***

Our business and financial performance are affected by the health of the worldwide travel industry. Travel expenditures are sensitive to personal and business-related discretionary spending levels, tending to decline or grow more slowly during economic downturns, as well as to disruptions due to other factors, including those discussed below. Decreased travel expenditures could reduce the demand for our services, thereby causing a reduction in revenue. For example, during regional or global recessions, domestic and

global economic conditions can deteriorate rapidly, resulting in increased unemployment and a reduction in expenditures for both business and leisure travelers. A slower spending on the services we provide could have a negative impact on our revenue growth.

Other factors that could negatively affect our business include: terrorist incidents and threats and associated heightened travel security measures; political and regional strife; acts of God such as earthquakes, hurricanes, fires, floods, volcanoes and other natural disasters; war; concerns with or threats of pandemics, contagious diseases or health epidemics, such as COVID-19, Ebola, H1N1 influenza (swine flu), MERS, SARs, avian flu, the Zika virus or similar outbreaks; environmental disasters; lengthy power outages; increased pricing, financial instability and capacity constraints of air carriers; airline job actions and strikes; fluctuations in hotel supply, occupancy and ADR; changes to visa and immigration requirements or border control policies; imposition of taxes or surcharges by regulatory authorities; and increases in gasoline and other fuel prices.

Because these events or concerns, and the full impact of their effects, are largely unpredictable, they can dramatically and suddenly affect travel behavior by consumers and decrease demand. Any decrease in demand, depending on its scope and duration, together with any future issues affecting travel safety, could significantly and adversely affect our business, working capital and financial performance over the short and long-term. In addition, the disruption of the existing travel plans of a significant number of travelers upon the occurrence of certain events, such as severe weather conditions, actual or threatened terrorist activity, war or travel-related health events, could result in significant additional costs and decrease our revenues, in each case, leading to constrained liquidity.

***We may have to make significant capital expenditures to maintain our hotel properties, and any development activities we undertake may be more costly than we anticipate.***

Our hotels have an ongoing need for renovations and other capital improvements, including replacements, from time to time, of furniture, fixtures, and equipment. Managers or franchisors of our hotels also require that we make periodic capital improvements pursuant to our management agreements or as a condition of maintaining franchise licenses. Generally, we are responsible for the cost of these capital improvements. As part of our long-term growth strategy, we may also develop hotels. Hotel renovation and development involves substantial risks, including:

- construction cost overruns and delays;
- the disruption of operations at, displacement of revenue at, and damage to operating hotels, including revenue lost while rooms, restaurants or meeting space under renovation are out of service;
- increases in operating costs at our hotels, to the extent they rely on portions of development sites for hotel operations;
- the cost of funding renovations or developments and inability to obtain financing on attractive terms;
- the return on our investment in these capital improvements or developments failing to meet expectations;
- inability to obtain all necessary zoning, land use, building, occupancy, and construction permits;
- loss of substantial investment in a development project if a project is abandoned before completion;
- environmental problems;
- disputes with franchisors or hotel managers regarding compliance with relevant franchise agreements or management agreements; and
- development related liabilities, such as claims for design/construction defects.

If we have insufficient cash flow from operations to fund needed capital expenditures, then we will need to borrow, sell assets or sell additional equity securities to fund future capital improvements.

***The hotel business is seasonal, which affects our results of operations from quarter to quarter.***

The hotel industry is seasonal in nature. This seasonality can cause quarterly fluctuations in our financial condition and operating results, including in the amount available for distributions on our common stock. Our quarterly operating results may be adversely affected by factors outside our control, including weather conditions and poor economic factors in certain markets in which we operate. Our cash flows may not be sufficient to offset any shortfalls that occur as a result of these fluctuations. As a result, we may have to reduce distributions or enter into short-term borrowings in certain quarters in order to make distributions to our stockholders. Such borrowings may not be available on favorable terms, if at all.

***The cyclical nature of the lodging industry may cause fluctuations in our operating performance, which could have a material adverse effect on our business and operating results.***

The lodging industry historically has been highly cyclical in nature. Fluctuations in lodging demand and, therefore, hotel operating performance, are caused largely by general economic and local market conditions, which subsequently affect levels of business and leisure travel. In addition to general economic conditions, 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 recession. Room rates and occupancy, and thus RevPAR, tend to increase when demand growth exceeds supply growth. An adverse change in lodging fundamentals could result in returns that are substantially below our expectations or result in losses, which could have a material adverse effect on our business and operating results.

***Many of our real estate-related costs are fixed, and will not decrease even if revenue from our hotels decreases.***

Many costs, such as real estate taxes, insurance premiums and maintenance costs, generally are not reduced even when a hotel is not fully occupied, room rates decrease or other circumstances cause a reduction in revenues. In addition, newly acquired or renovated hotels may not produce the revenues we anticipate immediately, or at all, and the hotel's operating cash flow may be insufficient to pay the operating expenses and debt service associated with these new hotels. If we are unable to offset real estate costs with sufficient revenues across our portfolio, our operating results and our ability to make distributions to our stockholders may be adversely affected.

***The increasing use of Internet travel intermediaries by consumers may adversely affect our profitability.***

Some of our hotel rooms are booked through Internet travel intermediaries, including, but not limited to, Tripadvisor.com, Travelocity.com, Expedia.com and Priceline.com. As Internet bookings increase, these intermediaries may be able to obtain higher commissions, reduced room rates or other significant contract concessions from our management companies. Moreover,



some of these Internet travel intermediaries are attempting to offer hotel rooms as a commodity, by increasing the importance of price and general indicators of quality (such as "three-star downtown hotel") at the expense of brand identification. These intermediaries hope that consumers will eventually develop brand loyalties to their reservations system rather than to the brands under which our properties are franchised. If the amount of sales made through Internet intermediaries increases significantly and results in a decrease in consumer loyalty to the brands under which our hotels are franchised, our rooms revenues may be lower than expected, and our profitability may be adversely affected.

***Our revenues and profitability may be adversely affected by increased use of business-related technology, which may reduce the need for business-related travel.***

The increased use of teleconference and video-conference technology by businesses could result in decreased business travel as companies increase the use of technologies that allow multiple parties from different locations to participate at meetings without traveling to a centralized meeting location. To the extent that such technologies play an increased role in day-to-day business and the necessity for business-related travel decreases, hotel room demand may decrease and our revenues, profitability and ability to make distributions to our stockholders may be adversely affected.

***Future terrorist attacks or changes in terror alert levels could materially and adversely affect our business.***

Previous terrorist attacks and subsequent terrorist alerts have adversely affected the U.S. travel and hospitality industries since 2001, often disproportionately to the effect on the overall economy. The extent of the impact that actual or threatened terrorist attacks in the U.S. or elsewhere could have on domestic and international travel and our business in particular cannot be determined, but any such attacks or the threat of such attacks could have a material adverse effect on travel and hotel demand, our ability to finance our business and our ability to insure our hotels. Any of these events could materially and adversely affect our business, our operating results and our prospects.

***We are subject to risks associated with the employment of hotel personnel, particularly with respect to hotels that employ unionized labor.***

Our managers, including Remington Hotels, a subsidiary of Ashford Inc., Hospitality and unaffiliated third-party managers, are responsible for hiring and maintaining the labor force at each of our hotels. Although we do not directly employ or manage employees at our hotels, we still are 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 as a result of strikes, lockouts, public demonstrations or other negative actions and publicity. We also may incur increased legal costs and indirect labor costs as a result of contract disputes involving our managers and their labor force or other events. The resolution of labor disputes or re-negotiated labor contracts could lead to increased labor costs, 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. We do not have the ability to affect the outcome of these negotiations. Our third party managers may also be unable to hire quality personnel to adequately staff hotel departments, which could result in a sub-standard level of service to hotel guests and hotel operations.

Hotels where our managers have collective bargaining agreements with their employees are more highly affected by labor force activities than others. The resolution of labor disputes or re-negotiated labor contracts could lead to increased labor costs, either by increases in wages or benefits or by changes in work rules that raise hotel operating costs. Furthermore, labor agreements may limit the ability of our hotel managers to reduce the size of hotel workforces during an economic downturn because collective bargaining agreements are negotiated between the hotel managers and labor unions. Our ability, if any, to have any material impact on the outcome of these negotiations is restricted by and dependent on the individual management agreement covering a specific property, and we may have little ability to control the outcome of these negotiations.

In addition, changes in labor laws may negatively impact us. For example, the implementation of new occupational health and safety regulations, minimum wage laws, and overtime, working conditions, employment status and citizenship requirements and the Department of Labor's proposed regulations expanding the scope of non-exempt employees under the Fair Labor Standards Act to increase the entitlement to overtime pay could significantly increase the cost of labor in the workforce, which would increase the operating costs of our hotel properties and may have a material adverse effect on our business or profitability.

**Risks Related to the Real Estate Industry**

***Illiquidity of real estate investments could significantly impede our ability to respond to adverse changes in the performance of our hotel properties and harm our financial condition.***

Because real estate investments are relatively illiquid, our ability to sell promptly one or more hotel properties for reasonable prices in response to changing economic, financial, and investment conditions is limited.

We may decide to sell hotel properties in the future. We cannot predict whether we will be able to sell any hotel property for the price or on the terms set by us, or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot predict the length of time needed to find a willing purchaser and to close the sale of a hotel property.

We may be required to expend funds to correct defects or to make improvements before a property can be sold. We may not have funds available to correct those defects or to make those improvements. In addition, when we acquire a hotel property, we may agree to lock-out provisions that materially restrict us from selling that property for a period of time or impose other restrictions, such as a limitation on the amount of debt that can be placed or repaid on that property. These and other factors could impede our ability to respond to adverse changes in the performance of our hotel properties or a need for liquidity.

***Increases in property taxes would increase our operating costs, reduce our income and adversely affect our ability to make distributions to our stockholders.***

Each of our hotel properties is subject to real and personal property taxes. These taxes may increase as tax rates change and as the properties are assessed or reassessed by taxing authorities. If property taxes increase, our financial condition, results of operations and our ability to make distributions to our stockholders could be materially and adversely affected and the market price of our common stock could decline.

***The costs of compliance with or liabilities under environmental laws may harm our operating results.***

Operating expenses at our hotels could be higher than anticipated due to the cost of complying with existing or future environmental laws and regulations. In addition, our hotel properties may be subject to environmental liabilities. An owner or operator of real property can face liability for environmental contamination created by the presence or discharge of hazardous substances on the property. We may face liability regardless of:

- our knowledge of the contamination;
- the timing of the contamination;
- the cause of the contamination; or
- the party responsible for the contamination.

There may be environmental problems associated with our hotel properties of which we are unaware. Some of our hotel properties use, or may have used in the past, underground tanks for the storage of petroleum-based or waste products that could create a potential for release of hazardous substances. If environmental contamination exists on a hotel property, we could become subject to strict, joint and several liabilities for the contamination if we own the property.

The discovery of material environmental liabilities at our properties could subject us to unanticipated significant costs. The presence of hazardous substances on a property may adversely affect our ability to sell the property on favorable terms or at all, and we may incur substantial remediation costs.

Our environmental insurance policies may not provide sufficient coverage for any environmental liabilities at our properties. In addition, if environmental liabilities are discovered during the underwriting of the insurance policies for any property that we acquire in the future, we may be unable to obtain insurance coverage for the liabilities at commercially reasonable rates or at all. We may experience losses as a result of any of these events.

Numerous treaties, laws and regulations have been enacted to regulate or limit carbon emissions. Changes in the regulations and legislation relating to climate change, and complying with such laws and regulations, may require us to make significant investments in our hotels and could result in increased energy costs at our properties.

***Tax increases and changes in tax rules may adversely affect our financial results.***

As a company conducting business with physical operations throughout North America, we are exposed, both directly and indirectly, to the effects of changes in U.S., state and local tax rules. Taxes for financial reporting purposes and cash tax liabilities in the future may be adversely affected by changes in such tax rules. Such changes may put us at a competitive disadvantage compared to some of our major competitors, to the extent we are unable to pass the tax costs through to our customers.

The Biden administration has announced in 2021 and 2022, and in certain cases has enacted, a number of tax proposals to fund new government investments in infrastructure, healthcare, and education, among other things. Certain of these proposals involve an increase in the domestic corporate tax rate, which if implemented could have a material impact on our future results of operations and cash flows. On August 16, 2022, the Inflation Reduction Act of 2022 ("IRA") was signed into law, with tax provisions primarily focused on implementing a 15% corporate alternative minimum tax on global adjusted financial statement income and a 1% excise tax on share repurchases. The IRA also creates created a number of potentially beneficial tax credits to incentivize investments in certain technologies and industries. Certain provisions of the IRA will become became effective beginning in fiscal 2023. We do not believe 2023 and the Treasury Department and IRS have announced their intentions to continue to release and finalize regulations and other guidance implementing the IRA will have in fiscal 2024. The IRA has not had a material negative impact on our business.

***Our properties may contain or develop harmful mold, which could lead to liability for adverse health effects and costs of remediating the problem.***

When excessive moisture accumulates in buildings or on building materials, mold growth may occur, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Concern about indoor exposure to mold has been increasing as exposure to mold may cause a variety of adverse health effects and symptoms, including allergic or other reactions. Some of the properties in our portfolio may contain microbial matter such as mold and mildew. As a result, the presence of significant mold at any of our properties could require us to undertake a costly remediation program to contain or remove the mold from the affected property. In addition, the presence of significant mold could expose us to liability from hotel guests, hotel employees, and others if property damage or health concerns arise.

***Compliance with the ADA and fire, safety, and other regulations may require us to incur substantial costs.***

All of our properties are required to comply with the ADA. The ADA requires that "public accommodations," such as hotels, be made accessible to people with disabilities. Compliance with the ADA's requirements could require removal of access barriers and non-compliance could result in imposition of fines by the U.S. government or an award of damages to private litigants, or both. In addition, we are required to operate our properties in compliance with fire and safety regulations, building codes, and other land use regulations as they may be adopted by governmental agencies and bodies and become applicable to our properties. Any requirement to make substantial modifications to our hotel properties, whether to comply with the ADA or other changes in governmental rules and regulations, could be costly.

***We may experience uninsured or underinsured losses.***

We maintain property and casualty insurance with respect to our hotel properties and other insurance, in each case, with loss limits and coverage thresholds deemed reasonable by our management team (and to satisfy the requirements of lenders and franchisors). In doing so, we make decisions with respect to what deductibles, policy limits, and terms are reasonable based on management's experience, our risk profile, the loss history of our hotel managers and our properties, the nature of our properties and our businesses, our loss prevention efforts, and the cost of insurance.

Various types of catastrophic losses may not be insurable or may not be economically insurable. If a substantial loss occurs, our insurance coverage may not cover the full current market value or replacement cost of our lost investment. Inflation, changes in building codes and ordinances, environmental considerations, and other factors might cause insurance proceeds to be insufficient to fully replace or renovate a hotel after it has been damaged or destroyed. Accordingly, it is possible that:

- the insurance coverage thresholds that we have obtained may not fully protect us against insurable losses (i.e., losses may exceed coverage limits);
- we may incur large deductibles that adversely affect our earnings;
- we may incur losses from risks that are not insurable or that are not economically insurable; and
- current coverage thresholds may not continue to be available at reasonable rates.

In the future, we may choose not to maintain terrorism insurance on any of our properties. As a result, one or more large uninsured or underinsured losses could have a material adverse effect on our business, operating results and financial condition.

Each of our current lenders requires us to maintain certain insurance coverage thresholds. If a lender does not believe we have complied with these requirements, the lender could obtain additional coverage thresholds and seek payment from us, or declare us in default under the loan documents. In the former case, we could spend more for insurance than we otherwise deem reasonable or necessary or, in the latter case, the hotels collateralizing one or more loans could be foreclosed upon. In addition, a material casualty to one or more hotels collateralizing loans may result in the insurance company applying to the outstanding loan balance insurance proceeds that otherwise would be available to repair the damage caused by the casualty, which would require us to fund the repairs through other sources. The lender may also foreclose on the hotels if there is a material loss that is not insured.

**Risks Related to Investments in Securities**

***Our earnings are dependent, in part, upon the performance of our investment portfolio.***

To the extent permitted by the Code, we may invest in and own securities of private companies, other public companies and REITs. To the extent that the value of those investments declines or those investments do not provide an attractive return, our earnings and cash flow could be adversely affected.

***Our prior investment performance is not indicative of future results.***

The performance of our prior investments is not necessarily indicative of the results that can be expected for the investments to be made by our subsidiaries. On any given investment, total loss of the investment is possible. Although our management team has experience and has had success in making investments in real estate-related lodging debt and hotel assets, the past performance of these investments is not necessarily indicative of the results of our future investments.

***Our investment portfolio will likely contain investments concentrated in a single industry and will not be fully diversified.***

We hold an investment in OpenKey, which operates in the lodging industry. To the extent we seek additional investments, we would expect that they will generally be in lodging-related entities. As such, our investment portfolio will likely contain investments concentrated in a single industry and may not be fully diversified by asset class, geographic region or other criteria, which will expose us to significant loss due to concentration risk. Investors have no assurance that the degree of diversification in our investment portfolio will increase at any time in the future.

**Risks Related to Our Organization and Structure**

***Our charter contains provisions that may delay or prevent a change of control transaction.***

Our charter contains 9.8% ownership limits. For the purpose of preserving our REIT qualification, our charter prohibits direct or constructive ownership by any person of more than:

- 9.8% of the lesser of the total number or value of the outstanding shares of our common stock, or
- 9.8% of the lesser of the total number or value of the outstanding shares of any class or series of our preferred stock or any other stock of our company, unless our board of directors grants a waiver.

Our charter's constructive ownership rules are complex and may cause stock owned actually or constructively by a group of related individuals and/or entities to be deemed to be constructively owned by one individual or entity. As a result, the acquisition of less than 9.8% of our common stock by an individual or entity could nevertheless cause that individual or entity to own constructively in excess of 9.8% of the outstanding common stock, and thus be subject to our charter's ownership limit. Any attempt to own or transfer shares of our common stock in excess of the ownership limit without the consent of our board of directors will be void, and could result in the shares being automatically transferred to a charitable trust.

***Our board of directors may create and issue an additional class or series of common stock or preferred stock without stockholder approval.***

Our charter authorizes our board of directors to issue common stock or preferred stock in one or more classes and to establish the preferences and rights of any class of common stock or preferred stock issued. Subject to the terms of any outstanding classes or series of preferred stock, these actions can be taken without obtaining stockholder approval. Our issuance of additional classes of common stock or preferred stock could have the effect of delaying or preventing someone from taking control of us, even if our stockholders believe that a change in control was in their best interests.

***Certain provisions in the partnership agreement for our operating partnership may delay or prevent unsolicited acquisitions of us.***

Provisions in the partnership agreement of our operating partnership may delay or make more difficult unsolicited acquisitions of us or changes in our control. These provisions could discourage third parties from making proposals involving an unsolicited acquisition of us or change of our control, although some stockholders might consider such proposals, if made, desirable. These provisions include, among others:

- redemption rights of qualifying parties;
- transfer restrictions on our common units;
- the ability of the general partner in some cases to amend the partnership agreement without the consent of the limited partners; and
- the right of the limited partners to consent to transfers of the general partnership interest and mergers of the operating partnership under specified circumstances.

***Because provisions contained in Maryland law and our charter may have an anti-takeover effect, investors may be prevented from receiving a "control premium" for their shares.***

Provisions contained in our charter and the Maryland General Corporation Law (the "MGCL") may have effects that delay, defer, or prevent a takeover attempt, which may prevent stockholders from receiving a "control premium" for their shares. For example, these provisions may defer or prevent tender offers for our common stock or purchases of large blocks of our common stock, thereby limiting the opportunities for our stockholders to receive a premium for their common stock over then-prevailing market prices.

These provisions include the following:

- The ownership limit in our charter limits related investors, including, among other things, any voting group, from acquiring over 9.8% of our common stock or of any class of our preferred stock without our permission.
- Our charter authorizes our board of directors to issue common stock or preferred stock in one or more classes and to establish the preferences and rights of any class of common stock or preferred stock issued. These actions can be taken without soliciting stockholder approval. Our common stock and preferred stock issuances could have the effect of delaying or preventing someone from taking control of us, even if a change in control were in our stockholders' best interests.

Maryland statutory law provides that an act (or determination not to act) of a director relating to or affecting an acquisition or a potential acquisition of control of a corporation may not be subject to a higher duty or greater scrutiny than is applied to any other act of a director. Hence, directors of a Maryland corporation by statute are not required to act in certain takeover situations under the same standards of care, and are not subject to the same standards of review, as apply in Delaware and other corporate jurisdictions.

***Certain provisions of Maryland law could inhibit changes in control.***

Certain provisions of the MGCL may have the effect of inhibiting a third party from making a proposal to acquire us under circumstances that otherwise could provide our stockholders with the opportunity to realize a premium over the then-prevailing market price of our common stock or a "control premium" for their shares or inhibit a transaction that might otherwise be viewed as being in the best interest of our stockholders. These provisions include:

- "business combination" provisions that, subject to limitations, prohibit certain business combinations between us and an "interested stockholder" (defined generally as any person who beneficially owns 10% or more of the voting power of our shares or an affiliate thereof) for five years after the most recent date on which the stockholder becomes an interested stockholder, and thereafter impose special stockholder voting requirements on these business combinations, unless certain fair price requirements set forth in the MGCL are satisfied; and
- "control share" provisions that provide that "control shares" of our company (defined as shares which, when aggregated with other shares controlled by the stockholder, entitle the stockholder to exercise one of three increasing ranges of voting power in electing directors) acquired in a "control share acquisition" (defined as the direct or indirect acquisition of ownership or control of outstanding "control shares") have no voting rights except to the extent approved by our stockholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding all interested shares.

In addition, Subtitle 8 of Title 3 of the MGCL permits a Maryland corporation with a class of equity securities registered under the Exchange Act and at least three independent directors to elect to be subject, notwithstanding any contrary provision in the charter or bylaws, to any or all of the following five provisions: a classified board; a two-thirds stockholder vote requirement for removal of a director; a requirement that the number of directors be fixed only by vote of the directors; a requirement that a vacancy on the board of directors be filled only by the remaining directors and for the remainder of the full term of the class of directors in which the vacancy occurred; and a requirement that the holders of at least a majority of all votes entitled to be cast request a special meeting of stockholders.

Our charter opts out of the business combination/moratorium and control share provisions of the MGCL. **Our charter also prevents us from making any elections under Subtitle 8 of the MGCL unless approved by our stockholders by a majority of the votes cast.** Through a provision unrelated to Subtitle 8, our charter provides that directors may only be removed for cause and by the vote of a majority of the stockholders. Because the opt outs from the business combination/moratorium and control share provisions of the MGCL are contained in our charter, they cannot be amended unless the board of directors recommends the amendment and the stockholders approve the amendment.

**Additionally, our board of directors has adopted a resolution that makes an election prohibiting us from making any of the elections permitted by Subtitle 8 unless such election is first approved by a stockholder vote.**

***Our board of directors can take many actions without stockholder approval.***

Our board of directors has overall authority to oversee our business and affairs and determine our major corporate policies. This authority includes significant flexibility. For example, our board of directors can do the following without stockholder approval:

- amend or revise at any time our dividend policy with respect to our common stock or preferred stock (including by eliminating, failing to declare, or significantly reducing dividends on these securities);
- terminate Ashford LLC under certain conditions pursuant to our advisory agreement;
- amend or revise at any time and from time to time our investment, financing, borrowing and dividend policies and our policies with respect to all other activities, including growth, debt, capitalization and operations;
- amend our policies with respect to conflicts of interest provided that such changes are consistent with applicable legal requirements;
- subject to the terms of our charter, prevent the ownership, transfer and/or accumulation of shares in order to protect our status as a REIT or for any other reason deemed to be in the best interests of us and our stockholders;
- subject to the terms of any outstanding classes or series of preferred stock, issue additional shares without obtaining stockholder approval, which could dilute the ownership of our then-current stockholders;
- subject to the terms of any outstanding classes or series of preferred stock, amend our charter to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series, without obtaining stockholder approval;
- subject to the terms of any outstanding classes or series of preferred stock, classify or reclassify any unissued shares of our common stock or preferred stock and set the preferences, rights and other terms of such classified or reclassified shares, including provisions that may have an anti-takeover effect, without obtaining stockholder approval;
- employ and compensate affiliates (subject to disinterested director approval);
- direct our resources toward investments that do not ultimately appreciate over time; and
- determine that it is no longer in our best interests to attempt to qualify, or to continue to qualify, as a REIT.

Any of these actions could increase our operating expenses, impact our ability to make distributions or reduce the value of our assets without giving our stockholders the right to vote on whether we should take such actions.

***Our rights and the rights of our stockholders to take action against our directors and officers are limited.***

Maryland law provides that a director or officer has no liability in that capacity if he or she performs his or her duties in good faith, in a manner he or she reasonably believes to be in our best interests and with the care that an ordinarily prudent person in a like position would use under similar circumstances. In addition, our charter eliminates our directors' and officers' liability to us and our stockholders for money damages except for liability resulting from actual receipt of an improper benefit or profit in money, property or services or a judgment of active and deliberate dishonesty that was material to the cause of action. Our charter requires us to indemnify our directors and officers and to advance expenses prior to the final disposition of a proceeding to the maximum extent permitted by Maryland law for liability actually incurred in connection with any proceeding to which they may be made, or threatened to be made, a party, except to the extent that the act or omission of the director or officer was material to the matter giving rise to the proceeding and was either committed in bad faith or was the result of active and deliberate dishonesty, the director or officer actually received an improper personal benefit in money, property or services,

or, in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. As a result, we and our stockholders may have more limited rights against our directors and officers than might otherwise exist under common law. In addition, we are generally obligated to advance the defense costs incurred by our directors and officers, prior to any determination regarding the availability of indemnification if actions are taken against them in their capacity as directors and officers.

***Future issuances of securities, including our common stock and preferred stock, could reduce existing investors' relative voting power and percentage of ownership and may dilute our share value.***

Our charter authorizes the issuance of up to 250,000,000 shares of common stock and 80,000,000 shares of preferred stock. As of **March 8, 2023** **March 12, 2024**, we had **66,032,496** **66,520,711** shares of our common stock issued and outstanding, 3,078,017 shares of our Series B Cumulative Convertible Preferred Stock, 1,600,000 shares of our Series D Cumulative Preferred Stock, **16,466,721** **16,159,670** shares of our Series E Redeemable Preferred Stock and **1,959,333** **1,774,180** shares of our Series M Redeemable Preferred Stock. We **also** have also **authorized** **classified** 10,000,000 shares of our **authorized preferred stock as** Series C Preferred **Stock, 28,000,000 shares Stock. As of our Series E Preferred Stock and 28,000,000 shares of our Series M Preferred Stock. No** **March 12, 2024, no** shares of Series C Preferred Stock are **issued, issued and outstanding.** Our charter allows us to create new series of preferred stock at any time. Accordingly, we may issue up to an additional **183,967,504** **183,479,289** shares of common stock and **56,895,929** **57,388,133** shares of preferred stock.

Future issuances of common stock or preferred stock, including through our "at-the-market" equity offering program, our SEDA (as defined below), the issuance of Series E Preferred Stock and Series M Preferred Stock (for which we have an effective registration statement on file with the SEC) and privately negotiated exchange agreements with holders of our preferred stock in reliance on Section 3(a)(9) of the Securities Act of 1933, as amended (the "Securities Act"), could decrease the relative voting power of our common stock or preferred stock and may cause substantial dilution in the ownership percentage of our then existing holders of common or preferred stock. We may value any common stock or preferred stock issued in the future on an arbitrary basis including for services or acquisitions or other corporate actions that may have the effect of reducing investors' relative voting power and/or diluting the net tangible book value of the shares held by our stockholders, and might have an adverse effect on any trading market for our securities. Our board of directors may designate the rights, terms and preferences of our authorized but unissued common shares or preferred shares at its discretion, including conversion and voting preferences without stockholder approval.

#### **Risks Related to Our Status as a REIT**

***Failure to qualify as a REIT, or failure to remain qualified as a REIT, would cause us to be taxed as a regular corporation, which would substantially reduce funds available for distributions to our stockholders.***

We operate in a manner intended to allow us to qualify as a REIT for U.S. federal income tax purposes. We believe that our organization and current and proposed method of operation will enable us to meet the requirements for qualification and taxation as a REIT commencing with our taxable year ended December 31, 2013. However, we may not qualify or remain qualified as a REIT or we may be required to rely on a REIT "savings clause." If we were to rely on a REIT "savings clause," we could have to pay a penalty tax, which could be material.

If we fail to qualify as a REIT in any taxable year, we will face serious tax consequences that will substantially reduce the funds available for distributions to our stockholders because:

- we would not be allowed a deduction for dividends paid to stockholders in computing our taxable income and would be subject to U.S. federal income tax at regular corporate rates;
- we could be subject to **the federal alternative minimum tax for the taxable years beginning before January 1, 2018, and possibly** increased state and local income taxes; and
- unless we are entitled to relief under certain U.S. federal income tax laws, we could not re-elect REIT status until the fifth calendar year after the year in which we failed to qualify as a REIT.

If, as a result of covenants applicable to our future debt, we are restricted from making distributions to our stockholders, we may be unable to make distributions necessary for us to avoid U.S. federal corporate income and excise taxes and to qualify and maintain our qualification as a REIT, which could materially and adversely affect us. In addition, if we fail to qualify as a REIT, we will no longer be required to make distributions. As a result of all these factors, our failure to qualify as a REIT could impair our ability to expand our business and raise capital, make distributions to our stockholders and it would adversely affect the value of our securities.

***Even if we qualify and remain qualified as a REIT, we may face other tax liabilities that reduce our cash flow.***

Even if we qualify and remain qualified for taxation as a REIT, we may be subject to certain federal, state, and local taxes on our income and assets, as well as foreign taxes to the extent that we own assets or conduct operations in international jurisdictions. For example:

- We will be required to pay tax on undistributed REIT taxable income.
- If we have net income from the disposition of foreclosure property held primarily for sale to customers in the ordinary course of business or other non-qualifying income from foreclosure property, we must pay tax on that income at the highest corporate rate.
- If we sell a property in a "prohibited transaction," our gain from the sale would be subject to a 100% penalty tax.
- Each of our TRSs is a fully taxable corporation and will be subject to federal and state taxes on its income.
- We may experience increases in our state and local income tax burden. Over the past several years, certain state and local taxing authorities have significantly changed their income tax regimes in order to raise revenues. The changes enacted include the taxation of modified gross receipts (as opposed to net taxable income), the suspension of and/or limitation on the use of net operating loss deductions, increases in tax rates and fees, the addition of surcharges, and the taxation of our partnership income at the entity level. Facing mounting budget deficits, more state and local taxing

authorities have indicated that they are going to revise their income tax regimes in this fashion and/or eliminate certain federally allowed tax deductions such as the REIT dividends paid deduction.

***Failure to make required distributions would subject us to U.S. federal corporate income tax.***



We intend to operate in a manner that allows as a REIT for U.S. federal income tax purposes. In order to qualify as a REIT, we generally are required to distribute at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gain, each year to our stockholders. To the extent that we satisfy this distribution requirement, but distribute less than 100% of our REIT taxable income, we will be subject to U.S. federal corporate income tax on our undistributed taxable income. In addition, we will be subject to a 4% nondeductible excise tax if the actual amount that we pay out to our stockholders in a calendar year is less than a minimum amount specified under the Code.

***Our TRS structure increases our overall tax liability.***

Our TRSs are subject to federal, state and local income tax on their taxable income, which consists of the revenues from the hotel properties leased by our TRS lessees, or, in the case of The Ritz-Carlton St. Thomas hotel, owned by our TRS, net of the operating expenses for such hotel properties and, in the case of hotel properties leased by our TRS lessees, rent payments to us. Accordingly, although our ownership of our TRS allows us to participate in the operating income from our hotel properties in addition to receiving rent, the net operating income is fully subject to income tax. The after-tax net income of our TRS is available for distribution to us, subject to any applicable withholding requirements.

***If our leases with our TRS lessees are not respected as true leases for U.S. federal income tax purposes, we would fail to qualify as a REIT.***

To qualify as a REIT, we are required to satisfy two gross income tests, pursuant to which specified percentages of our gross income must be passive income, such as rent. For the rent paid pursuant to the hotel leases with our TRS lessees, which constitutes substantially all of our gross income, to qualify for purposes of the gross income tests, the leases must be respected as true leases for U.S. federal income tax purposes and must not be treated as service contracts, joint ventures or some other type of arrangement. We have structured our leases, and intend to structure any future leases, so that the leases will be respected as true leases for U.S. federal income tax purposes, but the IRS may not agree with this characterization. If the leases were not respected as true leases for U.S. federal income tax purposes, we would not be able to satisfy either of the two gross income tests applicable to REITs and likely would fail to qualify as a REIT.

***Our ownership of TRSs is limited and our transactions with our TRSs will cause us to be subject to a 100% penalty tax on certain income or deductions if those transactions are not conducted on arm's-length terms.***

A REIT may own up to 100% of the stock of one or more TRSs. A TRS may hold assets and earn income that would not be qualifying assets or income if held or earned directly by a REIT, including gross operating income from hotels that are operated by eligible independent contractors pursuant to hotel management agreements. Both the subsidiary and the REIT must jointly elect to treat the subsidiary as a TRS. A corporation of which a TRS directly or indirectly owns more than 35% of the voting power or value of the stock will automatically be treated as a TRS. Overall, no more than 20% of the value of a REIT's assets may consist of stock or securities of one or more TRSs. In addition, the TRS rules limit the deductibility of interest paid or accrued by a TRS to its parent REIT to assure that the TRS is subject to an appropriate level of corporate taxation. The rules also impose a 100% excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm's-length basis. Finally the 100% excise tax also applies to the underpricing of services by a TRS to its parent REIT in contexts where the services are unrelated to services for REIT tenants.

Our TRSs are subject to federal, foreign, state and local income tax on their taxable income, and their after-tax net income is available for distribution to us but is not required to be distributed to us. We believe that the aggregate value of the stock and securities of our TRSs is less than 20% of the value of our total assets (including our TRS stock and securities).

We monitor the value of our respective investments in our TRSs for the purpose of ensuring compliance with TRS ownership limitations. In addition, we scrutinize all of our transactions with our TRSs to ensure that they are entered into on arm's-length terms to avoid incurring the 100% excise tax described above. For example, in determining the amounts payable by our TRSs under our leases, we engaged a third party to prepare transfer pricing studies to ascertain whether the lease terms we established are on an arm's-length basis as required by applicable Treasury Regulations. However, the receipt of a transfer pricing study does not prevent the IRS from challenging the arm's length nature of the lease terms between a REIT and its TRS lessees. Consequently, we may not be able to avoid application of the 100% excise tax discussed above. Moreover, the IRS may impose excise taxes and penalties based on transactions that occurred prior to the spin-off.

***If our hotel managers, including Ashford Hospitality Services LLC and its subsidiaries (including Remington Hotels Hospitality) do not qualify as "eligible independent contractors," we would fail to qualify as a REIT.***

Rent paid by a lessee that is a "related party tenant" of ours will not be qualifying income for purposes of the two gross income tests applicable to REITs. We lease all of our hotels to our TRS lessees, except for The Ritz-Carlton St. Thomas hotel, which is owned by one of our TRSs. A TRS lessee will not be treated as a "related party tenant," and will not be treated as directly operating a lodging facility, which is prohibited, to the extent the TRS lessee leases properties from us that are managed by an "eligible independent contractor."

We believe that the rent paid by our TRS lessees is qualifying income for purposes of the REIT gross income tests and that our TRSs qualify to be treated as TRSs for U.S. federal income tax purposes, but there can be no assurance that the IRS will not challenge this treatment or that a court would not sustain such a challenge. If we failed to meet either the asset or gross income tests, we would likely lose our REIT qualification for U.S. federal income tax purposes, unless certain relief provisions applied.

If our hotel managers, including Ashford Hospitality Services LLC ("AHS") and its subsidiaries (including Remington Hotels Hospitality), do not qualify as "eligible independent contractors," we would fail to qualify as a REIT. Each of the hotel management companies that enters into a management contract with our TRS lessees must qualify as an "eligible independent contractor" under the REIT rules in order for the rent paid to us by our TRS lessees to be qualifying income for our REIT income test requirements. Among other requirements, in order to qualify as an eligible independent contractor a manager must not 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 manager, taking into account only owners of more than 5% of our shares and, with respect to ownership interests in such managers that are publicly-traded, only holders of more than 5% of such ownership interests. Complex ownership attribution rules apply for purposes of these 35% thresholds. Although we intend to monitor ownership of our shares by our hotel managers and their owners, it is possible that these ownership levels could be exceeded. Additionally, we and AHS and its subsidiaries, including Remington Hotels Hospitality, must comply with the provisions of the private letter ruling we obtained from the IRS in connection with Ashford Inc.'s acquisition of Remington Hotels Hospitality to ensure that AHS and its subsidiaries, including Remington Hotels Hospitality, continue to qualify as "eligible independent contractors."

***Complying with REIT requirements may cause us to forego otherwise attractive opportunities.***

To qualify as a REIT for U.S. federal income tax purposes, we must continually satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts we distribute to our stockholders and the ownership of our shares of beneficial interest. In order to meet these tests, we may be required to

forego investments we might otherwise make. Thus, compliance with the REIT requirements may have a material adverse effect on our performance.

***Complying with REIT requirements may force us to liquidate otherwise attractive investments.***

To qualify as a REIT, we must also ensure that at the end of each calendar quarter at least 75% of the value of our assets consists of cash, cash items, government securities, and qualified REIT real estate assets. The remainder of our investment in securities (other than government securities and qualified real estate assets) generally cannot include more than 10% of the outstanding voting securities of any one issuer or more than 10% of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5% of the value of our assets (other than government securities and qualified real estate assets) can consist of the securities of any one issuer, no more than 20% of the value of our total assets can be represented by securities of one or more TRSs and no more than 25% of the value of our total assets can be represented by certain publicly offered REIT debt instruments.

If we fail to comply with these requirements at the end of any calendar quarter, we must correct such failure within 30 days after the end of the calendar quarter to avoid losing our REIT status and suffering adverse tax consequences. As a result, we may be required to liquidate otherwise attractive investments.

***Complying with REIT requirements may force us to borrow to make distributions to stockholders.***

As a REIT, we must distribute at least 90% of our annual REIT taxable income, excluding net capital gains, (subject to certain adjustments) to our stockholders. To the extent that we satisfy the distribution requirement, but distribute less than 100% of our taxable income, we will be subject to federal corporate income tax on our undistributed taxable income. In addition, we will be subject to a 4% nondeductible excise tax if the actual amount that we pay out to our stockholders in a calendar year is less than a minimum amount specified under federal tax laws.

From time to time, we may generate taxable income greater than our net income for financial reporting purposes or our taxable income may be greater than our cash flow available for distribution to stockholders. If we do not have other funds available in these situations, we could be required to borrow funds, sell investments at disadvantageous prices, or find another alternative source of funds to make distributions sufficient to enable us to pay out enough of our taxable income to satisfy the distribution requirement and to avoid corporate income tax and the 4% excise tax in a particular year. These alternatives could increase our costs or reduce the value of our equity.

We may elect to pay dividends on our common stock in cash or a combination of cash and shares of securities as permitted under U.S. federal income tax laws governing REIT distribution requirements. To the extent that we make distributions in excess of our current and accumulated earnings and profits (as determined for U.S. federal income tax purposes), such distributions would generally be considered a return of capital for U.S. federal income tax purposes to the extent of the holder's adjusted tax basis in its shares. A return of capital is not taxable, but it has the effect of reducing the holder's adjusted tax basis in its investment. To the extent that distributions exceed the adjusted tax basis of a holder's shares, they will be treated as gain from the sale or exchange of such stock.

***We may in the future choose to pay taxable dividends in our common stock instead of cash, in which case stockholders may sell our common stock to pay tax on such dividends, placing downward pressure on the market price of our common stock.***

We may distribute taxable dividends that are payable in cash and common stock at the election of each stockholder subject to certain limitations, including that the cash portion be at least 20% of the total **distribution (10% for distributions declared on or after November 1, 2021, and on or before June 30, 2022), distribution.**

If we make a taxable dividend payable in cash and common stock, taxable stockholders receiving such dividends will be required to include the full amount of the dividend as ordinary income to the extent of our current and accumulated earnings and profits, as determined for U.S. federal income tax purposes. As a result, stockholders may be required to pay income tax with respect to such dividends in excess of the cash dividends received. If a U.S. stockholder sells the common stock that it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our common stock at the time of the sale. Furthermore, with respect to certain non-U.S. stockholders, we may be required to withhold U.S. federal income tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in common stock. If we made a taxable dividend payable in cash and our common stock and a significant number of our stockholders determine to sell shares of our common stock in order to pay taxes owed on dividends, it may put downward pressure on the trading price of our common stock. We do not currently intend to pay taxable dividends of our common stock and cash, although we may choose to do so in the future.

***The prohibited transactions tax may limit our ability to dispose of our properties.***

A REIT's net income from prohibited transactions is subject to a 100% tax. In general, prohibited transactions are sales or other dispositions of property, other than foreclosure property, held primarily for sale to customers in the ordinary course of business. We may be subject to the prohibited transaction tax equal to 100% of net gain upon a disposition of real property. We may not be able to comply with the safe harbor to the characterization of the sale of real property by a REIT as a prohibited transaction. Consequently, we may choose not to engage in certain sales of our properties or we may conduct such sales through our TRS, which would be subject to federal and state income taxation.

***The ability of our board of directors to revoke our REIT qualification without stockholder approval may cause adverse consequences to our stockholders.***

Our charter provides that our board of directors may revoke or otherwise terminate our REIT election, without the approval of our stockholders, if it determines that it is no longer in our best interest to continue to qualify as a REIT. If we cease to qualify as a REIT, we would become subject to U.S. federal and state and local income taxes on our taxable income and would no longer be required to distribute most of our taxable income to our stockholders, which may have adverse consequences on the total return received by our stockholders.

***Dividends payable by REITs do not qualify for the reduced tax rates available for some dividends.***

The maximum U.S. federal income tax rate applicable to "qualified dividend income" payable to U.S. stockholders that are taxed at individual rates is 20%. Dividends payable by REITs, however, generally are not eligible for this reduced maximum rate on qualified dividend income. However, under the Tax Cuts and Jobs Act, a non-corporate taxpayer may deduct 20% of ordinary REIT dividends that are not "capital gain dividends" or "qualified dividend income" resulting in an effective maximum U.S. federal income tax rate of 29.6%. Individuals, trusts and estates whose income exceeds certain thresholds are also subject to a 3.8% Medicare tax on dividends received from us. The more favorable rates applicable to regular corporate qualified dividends could cause investors who are taxed at individual rates to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the shares of REITs, including our stock.

***We may be subject to adverse legislative or regulatory tax changes that could reduce the market price of our securities.***



At any time, the U.S. federal income tax laws governing REITs or the administrative interpretations of those laws may be amended. We cannot predict when or if any new U.S. federal income tax law, regulation or administrative interpretation, or any amendment to any existing U.S. federal income tax law, regulation or administrative interpretation, will be adopted, promulgated or become effective and any such law, regulation, or interpretation may take effect retroactively. We and our stockholders could be adversely affected by any such change in the U.S. federal income tax laws, regulations or administrative interpretations. It is possible that future legislation would result in a REIT having fewer advantages, and it could become more advantageous for a company that invests in real estate to elect to be taxed, for U.S. federal income tax purposes, as a corporation.

***If our operating partnership failed to qualify as a partnership for U.S. federal income tax purposes, we would cease to qualify as a REIT and suffer other adverse consequences.***

We believe that our operating partnership will be treated as a partnership for U.S. federal income tax purposes. As a partnership, our operating partnership is not subject to U.S. federal income tax on its income. Instead, each of its partners, including us, is allocated, and may be required to pay tax with respect to, its share of our operating partnership's income. The IRS could challenge the status of our operating partnership or any other subsidiary partnership in which we own an interest as a partnership for U.S. federal income tax purposes, and a court could sustain such a challenge. If the IRS were successful in treating our operating partnership or any such other subsidiary partnership as an entity taxable as a corporation for U.S. federal income tax purposes, we would fail to meet the gross income tests and certain of the asset tests applicable to REITs and, accordingly, we would likely cease to qualify as a REIT. Also, the failure of our operating partnership or any subsidiary partnerships to qualify as a partnership could cause it to become subject to federal and state corporate income tax, which would reduce significantly the amount of cash available for debt service and for distribution to its partners, including us.

Note that although partnerships have traditionally not been subject to U.S. federal income tax at the entity level as described above, new audit rules, effective for tax years ending after December 31, 2017, will generally apply to the partnership. Under the new rules, unless an entity elects otherwise, taxes arising from audit adjustments are required to be paid by the entity rather than by its partners or members. We will have the authority to utilize, and intend to utilize, any exceptions available under the new provisions (including any changes) and Treasury Regulations so that the partners, to the fullest extent possible, rather than the partnership itself, will be liable for any taxes arising from audit adjustments to the issuing entity's taxable income. One such exception is to apply an elective alternative method under which the additional taxes resulting from the adjustment are assessed from the affected partners (often referred to as a "push-out election"), subject to a higher rate of interest than otherwise would apply. When a push-out election causes a partner that is itself a partnership to be assessed with its share of such additional taxes from the adjustment, such partnership may cause such additional taxes to be pushed out to its own partners. In addition, Treasury Regulations provide that a partner that is a REIT may be able to use deficiency dividend procedures with respect to such adjustments. Many questions remain as to how the partnership audit rules will apply, and it is not clear at this time what effect these rules will have on us. However, it is possible that these changes could increase the U.S.

federal income tax, interest, and/or penalties otherwise borne by us in the event of a U.S. federal income tax audit of a subsidiary partnership (such as our operating partnership).

***Qualifying as a REIT involves highly technical and complex provisions of the Code.***

Qualification as a REIT involves the application of highly technical and complex Code provisions for which, in certain instances, only limited judicial and administrative authorities exist. Even a technical or inadvertent violation could jeopardize our REIT qualification. Our qualification as a REIT will depend on our satisfaction or deemed satisfaction (through the application of REIT "savings clauses") of certain asset, income, organizational, distribution, stockholder ownership and other requirements on a continuing basis. New legislation, court decisions or administrative guidance, in each case possibly with retroactive effect, may make it more difficult or impossible for us to qualify as a REIT.

***Declines in the values of our investments may make it more difficult for us to maintain our qualification as a REIT or exemption from the Investment Company Act.***

If the market value or income potential of real estate-related investments declines as a result of increased changes in interest rates or other factors, we may need to increase our real estate-related investments and income or liquidate our non-qualifying assets in order to maintain our REIT qualification or exemption from the Investment Company Act of 1940 (the "Investment Company Act"). If the decline in real estate asset values and/or income occurs quickly, this may be especially difficult to accomplish. This difficulty may be exacerbated by the illiquid nature of any non-qualifying assets that we may own. We may have to make investment decisions that we otherwise would not make absent the REIT and Investment Company Act considerations.

## **Risks Related to our Common Stock**

***Broad market fluctuations could negatively impact the market price of our stock.***

The market price of our common stock may be volatile. In addition, the trading volume in our common stock may fluctuate and cause significant price variations to occur. Some of the factors that could affect our stock price or result in fluctuations in the price or trading volume of our common stock include:

- actual or anticipated variations in our quarterly operating results;
- changes in our operations or earnings estimates or publication of research reports about us or the industry;
- changes in market valuations of similar companies;
- adverse market reaction to any increased indebtedness we incur in the future;
- additions or departures of key management personnel;
- actions by institutional stockholders;
- failure to meet and maintain REIT qualification;
- speculation in the press or investment community; and
- general market and economic conditions.

In addition, the stock market has experienced price and volume fluctuations that have affected the market prices of many companies in industries similar or related to ours and may have been unrelated to operating performances of these companies. These broad market fluctuations could reduce the market price of our common stock. During the fiscal year ended December 31, 2022 December 31, 2023, our high common stock price was \$6.64 \$5.60 and the low common stock price was \$3.41. \$1.91.

***Future offerings of debt securities, which would be senior to our common stock upon liquidation, and future offerings of equity securities, which would dilute our existing stockholders and may be senior to our common stock for the purposes of dividend and liquidating distributions, may adversely affect the market price of our common stock.***

In the future, we may attempt to increase our capital resources by making offerings of debt or equity securities, including commercial paper, medium-term notes, senior or subordinated notes, convertible securities, and classes of preferred stock or common stock or classes of preferred units. Upon liquidation, holders of our debt securities and preferred stock or preferred units and lenders with respect to other borrowings will receive a distribution of our available assets prior to the holders of our common stock. Equity offerings may dilute the holdings of our existing stockholders or reduce the market price of our common stock, or both. Preferred stock and preferred units, if issued, could have a preference on liquidating distributions or a preference on dividend payments that could limit our ability to make a distribution to the holders of our common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing, or nature of our future offerings. Thus, our stockholders bear the risk of our future offerings reducing the market price of our securities and diluting their securities holdings in us.

***The number of shares available for future sale could adversely affect the per share trading price of our common stock.***

We cannot predict whether future issuances of shares of our common stock or the availability of shares for resale in the open market will decrease the per share trading price of our common stock. The issuance of substantial numbers of shares of our common stock in the public market, or upon exchange of common units of our operating partnership, or the perception that such issuances might occur, could adversely affect the per share trading price of our common stock. Sales of substantial amounts of shares of our common stock in the public market, or upon exchange of the common units, or speculation that such sales might occur, could adversely affect the liquidity of the market for our common stock or the prevailing market price of our common stock. In addition, the exchange of common units for common stock, the exercise of any stock options or the vesting of any restricted stock granted under the 2013 Equity Incentive Plan, the issuance of our common stock or common units in connection with property, portfolio or business acquisitions and other issuances of our common stock or common units could adversely affect the market price of our common stock. Our directors and executive officers own common units in our Company. Such common units may be redeemed by the holders for shares of our common stock on a one-for-one basis or, at our option, cash. The holders of these common units may sell shares issued to them, if any, upon redemption of the common units. So long as the holders of common units retain significant ownership in us and are able to sell such shares in the public markets, the market price of our common stock may be adversely affected. Moreover, the existence of shares of our common stock reserved for issuance as restricted shares or upon exchange of options or redemption of common units may adversely affect the terms upon which we may be able to obtain additional capital through the sale of equity securities. Any future sales by us of our common stock or securities convertible into common stock may be dilutive to existing stockholders.

***The market price of our common stock could be adversely affected by our level of cash distributions.***

The market value of the equity securities of a REIT is based primarily upon the market's perception of the REIT's growth potential and its current and potential future cash distributions, whether from operations, sales or refinancings, and is secondarily based upon the real estate market value of the underlying assets. For that reason, our common stock may trade at prices that are higher or lower than our net asset value per share. To the extent we retain operating cash flow for investment purposes, working capital reserves or other purposes, these retained funds, while increasing the value of our underlying assets, may not correspondingly increase the market price of our common stock. Our failure to meet the market's expectations with regard to future earnings and cash distributions likely would adversely affect the market price of our common stock.

***Our stock repurchase program could increase the volatility of the price of our common stock.***

Our board of directors has approved a share repurchase program under which we may purchase up to \$25 million of our common stock from time to time. The specific timing, manner, price, amount and other terms of the repurchases, if any, will be at management's discretion and will depend on market conditions, corporate and regulatory requirements and other factors. We are not required to repurchase shares under the repurchase program, and the board of directors may modify, suspend or terminate the repurchase program at any time for any reason. As of **March 8, 2023** **March 12, 2024**, we have completed the \$25.0 million repurchase authorization. We cannot predict the impact that future repurchases, if any, of our common stock under this program will have on our stock price or earnings per share. Important factors that could cause us to discontinue or decrease our share repurchases include, among others, unfavorable market conditions, the market price of our common stock, the nature of other investment or strategic opportunities presented to us from time to time, the rate of dilution of our equity compensation programs, our ability to make appropriate, timely, and beneficial decisions as to when, how, and whether to purchase shares under the stock repurchase program, and the availability of funds necessary to continue purchasing stock. If we curtail our repurchase program, our stock price may be negatively affected.

#### **Item 1B. Unresolved Staff Comments**

None.

#### **Item 1C. Cybersecurity**

**Risk Management and Strategy.** The Company's information security program consists of various processes designed to ensure that the Company and its electronic assets are shielded from cyber events that may compromise the Company's ability to successfully execute its business on a day-to-day basis. These processes cover areas such as, but not limited to, risk management, access control, anti-virus management, sensitive data management, electronic communication, risk/security reporting, incident response planning and business continuation planning. The information technology department ("IT Department"), which includes the cybersecurity department ("IT Security Department"), is responsible for implementing such processes and coordinating with the Human Resources Department to align training and onboarding efforts with such processes.

The IT Security Department carries out risk management primarily by outsourcing risks to those companies and agencies that specialize in handling such risks and that have the appropriate resources to do so. Additionally, the IT Department assesses and improves the Company's cybersecurity risk management processes on an annual basis by: (i) engaging its cyber insurance broker, AON, plc, to complete a benchmarking evaluation to compare the Company's cybersecurity posture against peers and (ii) engaging cyber risk readiness and response company, Netdiligence®, to conduct vulnerability and penetration testing, which produces a report that specifies any possible risk area and devices. Such report is presented to the IT Department for analysis and for the purpose of developing subsequent action plans to remediate any vulnerabilities. As of the date of this report, we are not aware of any material risks from cybersecurity threats that have materially affected or are reasonably likely to materially affect the Company, including our business strategy, results of operations, or financial conditions, except as otherwise noted.

**Governance.** Management is ultimately responsible for assessing and managing the Company's cybersecurity risk. The information security program is overseen by the Chief Financial Officer, Vice President of IT, and the Information Security Manager. The Information Security Manager provides a weekly report to the Vice President of IT, which contains an overview of the activity in the department, any United States Computer Emergency Readiness Team alerts processed and all findings from the preventative maintenance tools.

The Vice President of IT provides such report to the Chief Financial Officer on a quarterly basis. The Audit Committee of the Board is then briefed each quarter on the occurrence of any cybersecurity incidents. The Board will also be provided an overview of the information security program on an annual basis, including updates on the IT team, IT training, implementation of IT controls, cybersecurity testing, the incident response process and the cybersecurity assets of the Company.

## Item 2. Properties

### Offices

We lease our headquarters located at 14185 Dallas Parkway, Suite 1200, Dallas, Texas 75254.

### Hotel Properties

As of **December 31, 2022** **December 31, 2023**, we held ownership interests in 16 hotel properties that were included in our consolidated operations, which included direct ownership in 14 hotel properties and 75% ownership in two hotel properties through equity investments with our partner. Fourteen of our hotel properties are located in the United States, one is located in Puerto Rico, one is located in the U.S. Virgin Islands. **As of December 31, 2022**, all 16 hotel properties were encumbered by loans as described in **"Management's Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness."**

### Hotel Properties

The following table presents certain information related to our hotel properties:

| Hotel Property                                       |                                                      |                     | Total     | Owned |         | Year Ended December 31, 2022 |                       |                       |  |
|------------------------------------------------------|------------------------------------------------------|---------------------|-----------|-------|---------|------------------------------|-----------------------|-----------------------|--|
|                                                      | Hotel Property                                       | Location            | Rooms     | %     | Owned   |                              |                       |                       |  |
| Hotel Property                                       |                                                      |                     |           |       |         |                              |                       |                       |  |
| Hotel Property                                       | Hotel Property                                       | Location            | Occupancy | Rooms | % Owned | Rooms                        | ADR                   | RevPAR                |  |
| Capital Hilton                                       |                                                      |                     |           |       |         |                              |                       |                       |  |
| Capital Hilton                                       |                                                      |                     |           |       |         |                              |                       |                       |  |
| Capital Hilton                                       | Capital Hilton                                       | Washington, D.C.    | 550       | 75    | %       | 413                          | 65.17                 | % \$ 228.36 \$ 148.82 |  |
| Marriott Seattle Waterfront                          | Marriott Seattle Waterfront                          | Seattle, WA         | 361       | 100   | %       | 361                          | 56.88                 | % 286.14 162.75       |  |
| The Notary Hotel                                     | The Notary Hotel                                     | Philadelphia, PA    | 499       | 100   | %       | 499                          | 55.92                 | % 218.34 122.10       |  |
| The Clancy                                           | The Clancy                                           | San Francisco, CA   | 410       | 100   | %       | 410                          | 70.05                 | % 298.91 209.38       |  |
| Sofitel Chicago Magnificent Mile                     | Sofitel Chicago Magnificent Mile                     | Chicago, IL         | 415       | 100   | %       | 415                          | 65.36                 | % 250.78 163.92       |  |
| Pier House Resort & Spa                              | Pier House Resort & Spa                              | Key West, FL        | 142       | 100   | %       | 142                          | 74.81                 | % 707.12 529.03       |  |
| The Ritz-Carlton St. Thomas                          | The Ritz-Carlton St. Thomas                          | St. Thomas, USVI    | 180       | 100   | %       | 180                          | 73.81                 | % 1,204.88 889.30     |  |
| Park Hyatt Beaver Creek Resort & Spa                 | Park Hyatt Beaver Creek Resort & Spa                 | Beaver Creek, CO    | 190       | 100   | %       | 190                          | 60.58                 | % 601.05 364.13       |  |
| Hotel Yountville                                     | Hotel Yountville                                     | Yountville, CA      | 80        | 100   | %       | 80                           | 54.06                 | % 906.82 490.21       |  |
| The Ritz-Carlton Sarasota                            | The Ritz-Carlton Sarasota                            | Sarasota, FL        | 276       | 100   | %       | 276                          | 74.47                 | % 617.66 459.97       |  |
| The Ritz-Carlton Lake Tahoe <sup>(1)</sup>           | The Ritz-Carlton Lake Tahoe <sup>(1)</sup>           | Truckee, CA         | 170       | 100   | %       | 170                          | 57.60                 | % 736.50 424.40       |  |
| Mr. C Beverly Hills Hotel <sup>(2)</sup>             |                                                      | Los Angeles, CA     | 143       | 100   | %       | 143                          | 74.26                 | % 347.57 258.10       |  |
| Cameo Beverly Hills <sup>(2)</sup>                   |                                                      |                     |           |       |         |                              |                       |                       |  |
| The Ritz-Carlton Reserve Dorado Beach <sup>(3)</sup> | The Ritz-Carlton Reserve Dorado Beach <sup>(3)</sup> | Dorado, Puerto Rico | 96        | 100   | %       | 96                           | 63.53                 | % 1,928.50 1,225.27   |  |
| Four Seasons Resort Scottsdale <sup>(4)</sup>        |                                                      | Scottsdale, AZ      | 210       | 100   | %       | 210                          | 45.15                 | % 1,056.99 477.19     |  |
| Ground Lease Properties <sup>(5)</sup>               |                                                      |                     |           |       |         |                              |                       |                       |  |
| Hilton La Jolla Torrey Pines <sup>(6)</sup>          |                                                      | La Jolla, CA        | 394       | 75    | %       | 296                          | 77.25                 | % 250.95 193.87       |  |
| Four Seasons Resort Scottsdale                       |                                                      |                     |           |       |         |                              |                       |                       |  |
| Ground Lease Properties <sup>(4)</sup>               |                                                      |                     |           |       |         |                              |                       |                       |  |
| Hilton La Jolla Torrey Pines <sup>(5)</sup>          |                                                      |                     |           |       |         |                              |                       |                       |  |
| Hilton La Jolla Torrey Pines <sup>(5)</sup>          |                                                      |                     |           |       |         |                              |                       |                       |  |
| Hilton La Jolla Torrey Pines <sup>(5)</sup>          |                                                      |                     |           |       |         |                              |                       |                       |  |
| Bardessono Hotel and Spa <sup>(7)</sup>              |                                                      | Yountville, CA      | 65        | 100   | %       | 65                           | 63.96                 | % 1,257.56 804.31     |  |
| Bardessono Hotel and Spa <sup>(8)</sup>              |                                                      |                     |           |       |         |                              |                       |                       |  |
| Bardessono Hotel and Spa <sup>(8)</sup>              |                                                      |                     |           |       |         |                              |                       |                       |  |
| Bardessono Hotel and Spa <sup>(8)</sup>              |                                                      |                     |           |       |         |                              |                       |                       |  |
| Total                                                | Total                                                |                     | 4,181     |       | 3,946   | 65.62                        | % \$ 451.56 \$ 296.30 |                       |  |

<sup>(1)</sup> The above information does not include the operations of the voluntary rental program with respect to condominium units not owned by the Company.

- (2) Includes 138 hotel rooms and five residences adjacent to the hotel. On August 1, 2023, the Company announced the rebranding and planned conversion of its Mr. C Beverly Hills in Los Angeles, California to the Cameo Beverly Hills. Following an extensive renovation, which is expected to be completed by the end of 2025, the hotel will join LXR Hotels & Resorts.
- (3) The above information does not include the operations of the voluntary rental program with respect to residential units not owned by the Company. The results of the hotel are included from March 11, 2022 through December 31, 2022.
- (4) The results of the hotel are included from December 1, 2022 through December 31, 2022.
- (5) Some of our hotel properties are on land subject to ground leases, two of which cover the entire property.
- (6) (5) The ground lease expires in 2067. The ground lease contains one extension option of either 10 or 20 years dependent upon capital investment spend during the lease term.
- (7) (6) The initial ground lease expires in 2065. The ground lease contains two 25-year extension options, at our election.

### Item 3. Legal Proceedings

On October 24, 2019, the Company provided notice to Accor of the material breach of Accor's responsibilities under the Accor management agreement for the Sofitel Chicago Magnificent Mile at 20 East Chestnut Street in Chicago, Illinois. On November 7, 2019, Accor filed a complaint against Ashford TRS Chicago II in the Supreme Court of the State of New York, New York County, seeking a declaratory judgment that no breach under the Accor management agreement has occurred and an injunction to prevent Ashford TRS Chicago II from terminating the Accor management agreement. Accor's complaint was dismissed on or about February 27, 2020. On January 6, 2020, Ashford TRS Chicago II filed a complaint against Accor in the Supreme Court of the State of New York, New York County, alleging breach of the Accor management agreement and seeking damages and a declaration of its right to terminate the Accor management agreement. On July 20, 2020, Accor filed an Amended Answer and Counterclaims against Ashford TRS Chicago II, in which Accor asserted two causes of action: First, Accor asserted a counterclaim for declaratory judgment that Accor correctly calculated the amount payable to Ashford TRS Chicago II under the Accor management agreement to "cure" Accor's performance test failure (the "Cure Amount"). Second, Accor asserted a counterclaim for breach of contract alleging that Ashford TRS Chicago II breached the Accor management agreement by wrongfully maintaining that the Cure Amount for the 2018 and 2019 Performance Test failure is \$1,031,549 instead of \$535,120. On February 16, 2022, the parties entered into a settlement agreement agreeing to: 1) amend the Accor management agreement; 2) dismiss the lawsuit and counterclaims; 3) stipulate to the failure of the performance tests and cure amounts for 2018 of \$867,682 and 2019 of \$784,919; and 4) arbitrate whether the performance tests for 2020 and 2021 were valid and/or required equitable adjustment. On February 23, 2022, Ashford TRS Chicago II and Accor filed a stipulation of discontinuance dismissing all claims, counterclaims, and cross-claims in the January 6, 2020 action with prejudice. Arbitration occurred on October 12 and 13, 2022. The arbitrator returned his decision on November 21, 2022, and the decision did not result in any additional amounts being owed to, or payable by, the Company. As a result of the settlement related to the 2018 performance test failure, the Company recorded a gain of approximately \$868,000 in 2022, that is recorded as a reduction of management fees and included in "management fees" on the Company's consolidated statement of operations.

On December 20, 2016, a class action lawsuit was filed against one of the Company's hotel management companies in the Superior Court of the State of California in and for the County of Contra Costa alleging violations of certain California employment laws, which class action affects two hotels owned by subsidiaries of the Company. The court has entered an order granting class certification with respect to: (1) (i) a statewide class of non-exempt employees of our manager who were allegedly deprived of rest breaks as a result of our manager's previous written policy requiring its employees to stay on premises during rest breaks; and (2) (ii) a derivative class of non-exempt former employees of our manager who were not paid for allegedly missed breaks upon separation from employment. Notices to potential class members were sent out on February 2, 2021. Potential class members had until April 4, 2021 to opt out of the class; however, the total number of employees in the class has not been definitively determined and is the subject of continuing discovery. The opt-out period has been extended until such time that discovery has concluded. In May 2023, the trial court requested additional briefing from the parties to determine whether the case should be maintained, dismissed, or the class de-certified. After submission of the briefs, the court requested that the parties submit stipulations for the court to rule upon. On February 13, 2024, the judge ordered the parties to submit additional briefing related to on-site breaks. While we believe it is reasonably possible that we may incur a loss associated with this litigation, because there remains uncertainty under California law with respect to a significant legal issue, discovery relating to class members continues, and the trial judge retains discretion to award lower penalties than set forth in the applicable California employment laws, we do not believe that any potential loss to the Company is reasonably estimable at this time. As of December 31, 2022, no amounts have been accrued.

On June 8, 2022 a lawsuit was filed against various Hilton entities on behalf of a class of all hourly employees at all Hilton-branded managed properties in California, including Hilton La Jolla Torrey Pines. The complaint includes claims for unpaid wages, meal and rest break violations, and unreimbursed business expenses, along with various derivative claims including wage statement, final pay, and PAGA claims.

On November 30, 2023, Hilton mediated this litigation, but it did not result in a settlement. At the end of the mediation, the mediator submitted a mediator's proposal for approximately \$3.5 million, which the parties are still considering. The allocation to Hilton La Jolla Torrey Pines would be approximately \$371,000, which has been accrued as of December 31, 2023.

We are also engaged in other legal proceedings that have arisen but have not been fully adjudicated. To the extent the claims giving rise to these legal proceedings are not covered by insurance, they relate to the following general types of claims: employment matters, tax matters and matters relating to compliance with applicable law (for example, the ADA Americans with Disability Act and similar state laws). The likelihood of loss from these legal proceedings is based on the definitions within contingency accounting literature. We recognize a loss when we believe the loss is both probable and reasonably estimable. Based on the information available to us relating to these legal proceedings and/or our experience in similar legal proceedings, we do not believe the ultimate resolution of these proceedings, either individually or in the aggregate, will have a material adverse effect on our consolidated financial position, results of operations, or cash flow. However, our

During the quarter ended September 30, 2023, we had a cyber incident that resulted in the potential exposure of certain employee personal information. We have completed an investigation and have identified certain employee information that may have been exposed, but we have not identified that any customer information was exposed. All systems have been restored. We believe that we maintain a sufficient level of insurance coverage related to such events, and the related incremental costs incurred to date are immaterial. In February of 2024, two class action lawsuits were filed related to the cyber incident. The suits are currently pending in the U.S. District Court for the Northern District of Texas. We intend to vigorously defend these matters and do not believe that any potential loss is reasonably estimable at this time. It is reasonably possible that the Company may incur additional costs related to the matter, but we are unable to predict with certainty the ultimate amount or range of potential loss.

Our assessment may change depending upon the development of these any current or future legal proceedings, and the final results of these such legal proceedings cannot be predicted with certainty. If we ultimately do not prevail in one or more of these legal matters, and the associated realized losses exceed our current estimates of the range of potential losses, our consolidated financial position, results of operations, or cash flows could be materially adversely affected in future periods.

Item 4. Mine Safety Disclosures

None.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Price and Dividend Information

Our common stock is listed and traded on the NYSE under the symbol "BHR." On March 8, 2023 March 12, 2024, there were 601 572 holders of record.

Distributions and Our Distribution Policy

The board of directors declared cash dividends on the Company's 5.5% Series B Cumulative Convertible Preferred Stock, 8.25% Series D Cumulative Preferred Stock, Series E Redeemable Preferred Stock and Series M Redeemable Preferred Stock for the quarters ending March 30, 2022, June 30, 2022, September 30, 2022, December 31, 2022 and March 31, 2023 each quarter of 2023 in amounts that such holders of our preferred stock are entitled to received. We did not pay dividends on our common stock in fiscal years 2020 and 2021. In March 2022, the board of directors approved an update to our previously announced dividend policy for 2022 to revise our then-expectation to pay a quarterly dividend of \$0.01 per share of common stock during 2022, receive. Our board of directors declared a quarterly cash dividend dividends of \$0.01 \$0.05 per diluted share for the Company's common stock for the quarters ended March 30, 2022, June 30, 2022 and September 30, 2022, each quarter of 2023. On December 8, 2022 December 5, 2023, our board of directors increased the quarterly cash dividend from \$0.01 per diluted share to \$0.05 per diluted share beginning with the Company's common stock dividend for the fourth quarter of 2022 and approved the Company's dividend policy for 2023, 2024. The Company expects to pay a quarterly cash dividend of \$0.05 per share for the Company's common stock for 2023, 2024, or \$0.20 per share on an annualized basis. The approval of our dividend policy does not commit our board of directors to declare future dividends with respect to any quantity or the amount thereof. The board of directors will continue to review its dividend policy on a quarter-to-quarter basis.

To qualify as a REIT, we must distribute to our stockholders an amount at least equal to:

- (i) 90% of our REIT taxable income, determined before the deduction for dividends paid and excluding any net capital gain (which does not necessarily equal net income as calculated in accordance with GAAP); plus
- (ii) 90% of the excess of our net income from foreclosure property over the tax imposed on such income by the Code; less
- (iii) any excess non-cash income (as determined under the Code).

Distributions made by us are authorized and determined by our board of directors in its sole discretion out of funds legally available therefor and are dependent upon a number of factors, including restrictions under applicable law, actual and projected financial condition, liquidity, EBITDA, FFO and results of operations, the revenue we actually receive from our properties, our operating expenses, our debt service requirements, our capital expenditures, prohibitions and other limitations under our financing arrangements, our REIT taxable income, the annual REIT distribution requirements and such other factors as our board of directors deems relevant. For more information regarding risk factors that could materially and adversely affect our ability to make distributions. See "Risk Factors-Risks Related to Our Status as a REIT." We expect that, at least initially, our distributions may exceed our net income under GAAP because of non-cash expenses included in net income. To the extent that our cash available for distribution is less than 90% of our REIT taxable income, we may consider various means to cover any such shortfall, including borrowing under new loans, selling certain of our assets or using a portion of the net proceeds we receive from future offerings of equity, equity-related or debt securities or declaring taxable stock dividends. In addition, our charter allows us to issue preferred stock that could have a preference on distributions, and, if we elect such issuance, the distribution preference on the preferred stock could limit our ability to make distributions to the holders of our common stock. We cannot assure our stockholders that our distribution policy will not change in the future.

Characterization of Distributions

For income tax purposes, distributions paid consist of ordinary income, capital gains, return of capital or capital gains, a combination thereof. Distributions paid per share were characterized as follows:

|                           |                           | 2022     |            | 2021   |     | 2020   |     |                           |   |   |   |          |            |
|---------------------------|---------------------------|----------|------------|--------|-----|--------|-----|---------------------------|---|---|---|----------|------------|
|                           |                           | Amount   | %          | Amount | %   | Amount | %   |                           |   |   |   |          |            |
|                           |                           | 2023     |            |        |     |        |     | 2023                      |   |   |   |          |            |
|                           |                           | Amount   |            |        |     |        |     | Amount                    |   |   |   | %        |            |
| Common Stock (cash):      | Common Stock (cash):      |          |            |        |     |        |     |                           |   |   |   |          |            |
| Ordinary taxable dividend |                           |          |            |        |     |        |     |                           |   |   |   |          |            |
| Ordinary taxable dividend |                           |          |            |        |     |        |     |                           |   |   |   |          |            |
| Ordinary taxable dividend | Ordinary taxable dividend | \$0.0300 | 100.0000 % | \$ —   | — % | \$ —   | — % | \$ —                      | — | — | — | \$0.0300 | 100.0000 % |
| Capital gain distribution | Capital gain distribution | —        | —          | —      | —   | —      | —   | Capital gain distribution | — | — | — | — %      | —          |
| Unrecaptured 1250 gain    | Unrecaptured 1250 gain    | —        | —          | —      | —   | —      | —   | Unrecaptured 1250 gain    | — | — | — | — %      | —          |

|                                                                                    |                             |                  |            |            |            |            |            |                           |          |     |          |          |            |          |                |
|------------------------------------------------------------------------------------|-----------------------------|------------------|------------|------------|------------|------------|------------|---------------------------|----------|-----|----------|----------|------------|----------|----------------|
| Return of capital                                                                  | Return of capital           | (1)              |            |            |            |            |            | Return of capital         |          |     |          |          |            |          |                |
|                                                                                    |                             | —                | —          | —          | —          | 0.1600     | 100.0000   | capital                   | \$0.2000 | (1) | 100.0000 |          | 100.0000 % |          | —              |
| Total                                                                              | Total                       | \$0.0300         | 100.0000 % | \$ —       | — %        | \$0.1600   | 100.0000 % | Total                     | \$0.2000 | (1) | (1)      | 100.0000 | %          | \$0.0300 | (1) (1) 100.00 |
| Preferred Stock – Series B:                                                        | Preferred Stock – Series B: |                  |            |            |            |            |            |                           |          |     |          |          |            |          |                |
| Preferred Stock – Series B:                                                        | Preferred Stock – Series B: |                  |            |            |            |            |            |                           |          |     |          |          |            |          |                |
| Ordinary taxable dividend                                                          | Ordinary taxable dividend   | (1)              |            |            |            |            |            |                           |          |     |          |          |            |          |                |
|                                                                                    |                             | \$1.3752         | 100.0000 % | \$ —       | — %        | \$ —       | — %        | \$ 0.1781                 | 12.9534  |     |          | 12.9534  | %          | \$1.3752 | 100.00         |
| Capital gain distribution                                                          | Capital gain distribution   | —                | —          | —          | —          | —          | —          | Capital gain distribution | —        |     | —        |          | — %        | —        | —              |
| Unrecaptured 1250 gain                                                             | Unrecaptured 1250 gain      | —                | —          | —          | —          | —          | —          | Unrecaptured 1250 gain    | —        |     | —        |          | — %        | —        | —              |
| Return of capital                                                                  | Return of capital           | —                | —          | 1.3752 (1) | 100.0000   | 1.3752 (1) | 100.0000   |                           |          |     |          |          |            |          |                |
| Total                                                                              | Total                       | \$1.3752         | 100.0000 % | \$1.3752   | 100.0000 % | \$1.3752   | 100.0000 % |                           |          |     |          |          |            |          |                |
| Preferred Stock – Series D:                                                        |                             |                  |            |            |            |            |            |                           |          |     |          |          |            |          |                |
| Ordinary taxable dividend                                                          | Ordinary taxable dividend   | \$2.0624 (1)     | 100.0000 % | \$ —       | — %        | \$ —       | — %        |                           |          |     |          |          |            |          |                |
| Capital gain distribution                                                          | Capital gain distribution   | —                | —          | —          | —          | —          | —          |                           |          |     |          |          |            |          |                |
| Unrecaptured 1250 gain                                                             | Unrecaptured 1250 gain      | —                | —          | —          | —          | —          | —          |                           |          |     |          |          |            |          |                |
| Return of capital                                                                  | Return of capital           | —                | —          | 2.0624 (1) | 100.0000   | 2.0624 (1) | 100.0000   |                           |          |     |          |          |            |          |                |
| Total                                                                              | Total                       | \$2.0624         | 100.0000 % | \$2.0624   | 100.0000 % | \$2.0624   | 100.0000 % |                           |          |     |          |          |            |          |                |
| Preferred Stock – Series E:                                                        |                             |                  |            |            |            |            |            |                           |          |     |          |          |            |          |                |
| Ordinary taxable dividend                                                          | Ordinary taxable dividend   | \$1.9732 (1) (2) | 100.0000 % | —          | —          | —          | —          |                           |          |     |          |          |            |          |                |
| Capital gain distribution                                                          | Capital gain distribution   | —                | —          | —          | —          | —          | —          |                           |          |     |          |          |            |          |                |
| Unrecaptured 1250 gain                                                             | Unrecaptured 1250 gain      | —                | —          | —          | —          | —          | —          |                           |          |     |          |          |            |          |                |
| Return of capital                                                                  | Return of capital           | —                | —          | 0.8330 (1) | 100.0000   | —          | —          |                           |          |     |          |          |            |          |                |
| Total                                                                              | Total                       | \$1.9732         | 100.0000 % | \$0.8330   | 100.0000 % | \$ —       | — %        |                           |          |     |          |          |            |          |                |
| Preferred Stock – Series M (CUSIP #10482B705):                                     |                             |                  |            |            |            |            |            |                           |          |     |          |          |            |          |                |
| Ordinary taxable dividend                                                          | Ordinary taxable dividend   | 2.0621 (1) (2)   | 100.0000 % | —          | —          | —          | —          |                           |          |     |          |          |            |          |                |
| Capital gain distribution                                                          | Capital gain distribution   | —                | —          | —          | —          | —          | —          |                           |          |     |          |          |            |          |                |
| Unrecaptured 1250 gain                                                             | Unrecaptured 1250 gain      | —                | —          | —          | —          | —          | —          |                           |          |     |          |          |            |          |                |
| Return of capital                                                                  | Return of capital           | —                | —          | 0.6832 (1) | 100.0000   | —          | —          |                           |          |     |          |          |            |          |                |
| Total                                                                              | Total                       | \$2.0621         | 100.0000 % | \$0.6832   | 100.0000 % | \$ —       | — %        |                           |          |     |          |          |            |          |                |
| Preferred Stock – Series M (CUSIP #10482B887):                                     |                             |                  |            |            |            |            |            |                           |          |     |          |          |            |          |                |
| Ordinary taxable dividend                                                          | Ordinary taxable dividend   | 2.0538 (1) (2)   | 100.0000 % | —          | —          | —          | —          |                           |          |     |          |          |            |          |                |
| Capital gain distribution                                                          | Capital gain distribution   | —                | —          | —          | —          | —          | —          |                           |          |     |          |          |            |          |                |
| Unrecaptured 1250 gain                                                             | Unrecaptured 1250 gain      | —                | —          | —          | —          | —          | —          |                           |          |     |          |          |            |          |                |
| Return of capital                                                                  | Return of capital           | —                | —          | 0.6832 (1) | 100.0000   | —          | —          |                           |          |     |          |          |            |          |                |
| Total                                                                              | Total                       | \$2.0538         | 100.0000 % | \$0.6832   | 100.0000 % | \$ —       | — %        |                           |          |     |          |          |            |          |                |
| Preferred Stock – Series M (CUSIP #10482B796, 10482B861, 10482B770 and 10482B846): |                             |                  |            |            |            |            |            |                           |          |     |          |          |            |          |                |
| Ordinary taxable dividend                                                          | Ordinary taxable dividend   | 1.8788 (1) (2)   | 100.0000 % | —          | —          | —          | —          |                           |          |     |          |          |            |          |                |
| Capital gain distribution                                                          | Capital gain distribution   | —                | —          | —          | —          | —          | —          |                           |          |     |          |          |            |          |                |
| Unrecaptured 1250 gain                                                             | Unrecaptured 1250 gain      | —                | —          | —          | —          | —          | —          |                           |          |     |          |          |            |          |                |
| Return of capital                                                                  | Return of capital           | —                | —          | —          | —          | —          | —          |                           |          |     |          |          |            |          |                |



|       |          |            |      |     |      |     |
|-------|----------|------------|------|-----|------|-----|
| Total | \$1.8788 | 100.0000 % | \$ — | — % | \$ — | — % |
|-------|----------|------------|------|-----|------|-----|

|                                                | 2023                         |            | 2022                         |            | 2021                     |            |
|------------------------------------------------|------------------------------|------------|------------------------------|------------|--------------------------|------------|
|                                                | Amount                       | %          | Amount                       | %          | Amount                   | %          |
| Return of capital                              | \$ 1.1971                    | 87.0466 %  | —                            | — %        | \$ 1.3752                | 100.0000 % |
| Total                                          | \$ 1.3752 <sup>(1)</sup>     | 100.0000 % | \$ 1.3752 <sup>(1)</sup>     | 100.0000 % | \$ 1.3752 <sup>(1)</sup> | 100.0000 % |
| Preferred Stock – Series D:                    |                              |            |                              |            |                          |            |
| Ordinary taxable dividend                      | \$ 0.2672                    | 12.9534 %  | \$ 2.0624                    | 100.0000 % | \$ —                     | — %        |
| Capital gain distribution                      | —                            | — %        | —                            | — %        | —                        | — %        |
| Unrecaptured 1250 gain                         | —                            | — %        | —                            | — %        | —                        | — %        |
| Return of capital                              | \$ 1.7952                    | 87.0466 %  | —                            | — %        | \$ 2.0624                | 100.0000 % |
| Total                                          | \$ 2.0624 <sup>(1)</sup>     | 100.0000 % | \$ 2.0624 <sup>(1)</sup>     | 100.0000 % | \$ 2.0624 <sup>(1)</sup> | 100.0000 % |
| Preferred Stock – Series E:                    |                              |            |                              |            |                          |            |
| Ordinary taxable dividend                      | \$ 0.2476                    | 12.9534 %  | \$ 1.9732                    | 100.0000 % | —                        | — %        |
| Capital gain distribution                      | —                            | — %        | —                            | — %        | —                        | — %        |
| Unrecaptured 1250 gain                         | —                            | — %        | —                            | — %        | —                        | — %        |
| Return of capital                              | \$ 1.6637                    | 87.0466 %  | —                            | — %        | \$ 0.8330                | 100.0000 % |
| Total                                          | \$ 1.9113 <sup>(1) (3)</sup> | 100.0000 % | \$ 1.9732 <sup>(1) (2)</sup> | 100.0000 % | \$ 0.8330 <sup>(1)</sup> | 100.0000 % |
| Preferred Stock – Series M (CUSIP #10482B705): |                              |            |                              |            |                          |            |
| Ordinary taxable dividend                      | \$ 0.2701                    | 12.9534 %  | \$ 2.0621                    | 100.0000 % | \$ —                     | — %        |
| Capital gain distribution                      | —                            | — %        | —                            | — %        | —                        | — %        |
| Unrecaptured 1250 gain                         | —                            | — %        | —                            | — %        | —                        | — %        |
| Return of capital                              | \$ 1.8152                    | 87.0466 %  | —                            | — %        | \$ 0.6832                | 100.0000 % |
| Total                                          | \$ 2.0853 <sup>(1) (3)</sup> | 100.0000 % | \$ 2.0621 <sup>(1) (2)</sup> | 100.0000 % | \$ 0.6832 <sup>(1)</sup> | 100.0000 % |
| Preferred Stock – Series M (CUSIP #10482B887): |                              |            |                              |            |                          |            |
| Ordinary taxable dividend                      | \$ 0.2693                    | 12.9534 %  | \$ 2.0538                    | 100.0000 % | \$ —                     | — %        |
| Capital gain distribution                      | —                            | — %        | —                            | — %        | —                        | — %        |
| Unrecaptured 1250 gain                         | —                            | — %        | —                            | — %        | —                        | — %        |
| Return of capital                              | \$ 1.8098                    | 87.0466 %  | —                            | — %        | \$ 0.6832                | 100.0000 % |
| Total                                          | \$ 2.0791 <sup>(1) (3)</sup> | 100.0000 % | \$ 2.0538 <sup>(1) (2)</sup> | 100.0000 % | \$ 0.6832 <sup>(1)</sup> | 100.0000 % |
| Preferred Stock – Series M (CUSIP #10482B796): |                              |            |                              |            |                          |            |
| Ordinary taxable dividend                      | \$ 0.2685                    | 12.9534 %  | \$ 1.8788                    | 100.0000 % | \$ —                     | — %        |
| Capital gain distribution                      | —                            | — %        | —                            | — %        | —                        | — %        |
| Unrecaptured 1250 gain                         | —                            | — %        | —                            | — %        | —                        | — %        |
| Return of capital                              | \$ 1.8043                    | 87.0466 %  | —                            | — %        | —                        | — %        |
| Total                                          | \$ 2.0728 <sup>(1) (3)</sup> | 100.0000 % | \$ 1.8788 <sup>(1) (2)</sup> | 100.0000 % | \$ —                     | — %        |
| Preferred Stock – Series M (CUSIP 10482B861)   |                              |            |                              |            |                          |            |
| Ordinary taxable dividend                      | \$ 0.2677                    | 12.9534 %  | —                            | — %        | \$ —                     | — %        |
| Capital gain distribution                      | —                            | — %        | —                            | — %        | —                        | — %        |
| Unrecaptured 1250 gain                         | —                            | — %        | —                            | — %        | —                        | — %        |
| Return of capital                              | \$ 1.7989                    | 87.0466 %  | —                            | — %        | —                        | — %        |
| Total                                          | \$ 2.0666 <sup>(1) (3)</sup> | 100.0000 % | \$ —                         | — %        | \$ —                     | — %        |
| Preferred Stock – Series M (CUSIP 10482B770)   |                              |            |                              |            |                          |            |
| Ordinary taxable dividend                      | \$ 0.2669                    | 12.9534 %  | —                            | — %        | \$ —                     | — %        |
| Capital gain distribution                      | —                            | — %        | —                            | — %        | —                        | — %        |
| Unrecaptured 1250 gain                         | —                            | — %        | —                            | — %        | —                        | — %        |
| Return of capital                              | \$ 1.7934                    | 87.0466 %  | —                            | — %        | —                        | — %        |
| Total                                          | \$ 2.0603 <sup>(1) (3)</sup> | 100.0000 % | \$ —                         | — %        | \$ —                     | — %        |
| Preferred Stock – Series M (CUSIP 10482B846)   |                              |            |                              |            |                          |            |
| Ordinary taxable dividend                      | \$ 0.2661                    | 12.9534 %  | —                            | — %        | \$ —                     | — %        |

|                                              |                              |            |      |     |      |     |
|----------------------------------------------|------------------------------|------------|------|-----|------|-----|
| Capital gain distribution                    | —                            | — %        | —    | — % | —    | — % |
| Unrecaptured 1250 gain                       | —                            | — %        | —    | — % | —    | — % |
| Return of capital                            | \$ 1.7879                    | 87.0466 %  | —    | — % | —    | — % |
| Total                                        | \$ 2.0540 <sup>(1) (3)</sup> | 100.0000 % | \$ — | — % | \$ — | — % |
| Preferred Stock – Series M (CUSIP 10482B820) |                              |            |      |     |      |     |
| Ordinary taxable dividend                    | \$ 0.2433                    | 12.9534 %  | —    | — % | \$ — | — % |
| Capital gain distribution                    | —                            | — %        | —    | — % | —    | — % |
| Unrecaptured 1250 gain                       | —                            | — %        | —    | — % | —    | — % |
| Return of capital                            | \$ 1.6356                    | 87.0466 %  | —    | — % | —    | — % |
| Total                                        | \$ 1.8789 <sup>(1) (3)</sup> | 100.0000 % | \$ — | — % | \$ — | — % |

(1) The fourth quarter 2019 distributions paid January 15, 2020 to stockholders of record as of December 31, 2019 are treated as 2020 distributions for tax purposes. The fourth quarter 2020 distributions paid January 15, 2021 to stockholders of record as of December 31, 2020 are treated as 2021 distributions for tax purposes. The fourth quarter 2021 distributions paid January 18, 2022 to stockholders of record as of December 31, 2021 are treated as 2022 distributions for tax purposes. The distributions paid January 17, 2023 to stockholders of record as of December 30, 2022 are treated as 2023 distributions for tax purposes. The fourth quarter 2023 distributions paid January 16, 2024 to stockholders of record as of December 29, 2023 are treated as 2024 distributions for tax purposes.

(2) Distributions per share reflects the annual rate per share for distributions reportable in 2022.

(3) Distributions per share reflects the annual rate per share for distributions reportable in 2023.

### Equity Compensation Plan Information

The following table sets forth certain information with respect to securities authorized and available for issuance under our equity compensation plans.

|                                                            | Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights <sup>(1)</sup> | Weighted-Average Exercise Price Of Outstanding Options, Warrants, And Rights | Number of Securities Remaining Available for Future Issuance |           |         |     |           |
|------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|--------------------------------------------------------------|-----------|---------|-----|-----------|
| Equity compensation plans approved by security holders     |                                                                                                            |                                                                              |                                                              |           |         |     |           |
| Equity compensation plans approved by security holders     |                                                                                                            |                                                                              |                                                              |           |         |     |           |
| Equity compensation plans approved by security holders     | Equity compensation plans approved by security holders                                                     | 972,728                                                                      | N/A                                                          | 1,469,068 | 848,168 | N/A | 1,613,606 |
| Equity compensation plans not approved by security holders | Equity compensation plans not approved by security holders                                                 | None                                                                         | N/A                                                          | None      |         |     |           |
| Equity compensation plans not approved by security holders |                                                                                                            |                                                                              |                                                              |           |         |     |           |
| Equity compensation plans not approved by security holders |                                                                                                            |                                                                              |                                                              |           |         |     |           |
| Total                                                      | Total                                                                                                      | 972,728                                                                      | N/A                                                          | 1,469,068 |         |     |           |
| Total                                                      |                                                                                                            |                                                                              |                                                              |           |         |     |           |
| Total                                                      |                                                                                                            |                                                                              |                                                              |           |         |     |           |

(1) Consists of rights to acquire our common stock subject to the satisfaction of service and or performance vesting conditions (with the amount shown assuming the maximum level of performance under the 2021 2022 and 2022 2023 PSU awards). The number of shares subject to issuance under the PSUs (if any) will depend on the ultimate actual performance level, and the Company in its

discretion may settle the 2022 2023 PSUs in cash rather than shares of common stock.

- (2) As of December 31, 2022 December 31, 2023, approximately 1,469,000 1,613,606 shares of our common stock, or securities convertible into approximately 1.5 million 1.6 million shares of our common stock, remained available for issuance under our 2013 Equity Incentive Plan. On February 23, 2021, the board of directors terminated the Advisor Equity Incentive Plan. 1.6 million shares of common stock reserved pursuant with the Advisor Incentive Plan were never utilized (and no shares were ever issued thereunder). Following the termination of the Advisor Equity Incentive Plan, no shares may be issued thereunder.

#### Purchases of Equity Securities by the Issuer

On December 7, 2022, our board of directors approved a new stock repurchase program pursuant to which the board granted a repurchase authorization to acquire shares of the Company's common stock, par value \$0.01 per share, having an aggregate value of up to \$25 million. The Board's authorization replaced any previous repurchase authorizations.

During the year ended December 31, 2022 December 31, 2023, we repurchased 1.5 million 3.9 million shares of our common stock for approximately \$6.1 million. Subsequent to December 31, 2022 \$18.9 million. As of December 31, 2023, the Company repurchased approximately 3.9 million shares of its common stock for approximately \$18.9 million. The Company repurchased approximately 5.4 million shares of its common stock for approximately \$25.0 million and has completed the \$25.0 million repurchase authorization.

The following table provides the information with respect to purchases of our common stock during each of the months in the quarter ended December 31, 2022 December 31, 2023:

| Period                    | Total Number of<br>Shares Purchased | Average Price Paid<br>Per Share | Total Number of Shares                            |                                                                            |
|---------------------------|-------------------------------------|---------------------------------|---------------------------------------------------|----------------------------------------------------------------------------|
|                           |                                     |                                 | Purchased as Part of a Publicly<br>Announced Plan | Maximum Dollar Value of Shares That May<br>Yet Be Purchased Under the Plan |
| Common stock:             |                                     |                                 |                                                   |                                                                            |
| October 1 to October 31   | 12,597                              | \$ — <sup>(2)</sup>             | —                                                 | \$ 50,000,000                                                              |
| November 1 to November 30 | 342                                 | \$ — <sup>(2)</sup>             | —                                                 | \$ 50,000,000                                                              |
| December 1 to December 31 | 1,524,346 <sup>(1)</sup>            | \$ 4.04                         | 1,511,044                                         | \$ 18,897,710                                                              |
| Total                     | 1,537,285                           | \$ 4.04                         | 1,511,044                                         |                                                                            |

(1) Includes 13,302 shares in December that were withheld to cover tax-withholding requirements related to the vesting of restricted shares of our common stock issued to employees of our advisor pursuant to the Company's stockholder-approved stock incentive plan.

(2) There is no cost associated with the forfeiture of restricted shares of 12,597 and 342 of our common stock in October and November, respectively.

| Period                    | Total Number of Shares Purchased | Average Price Paid Per Share | Total Number of Shares                         |                                                                         |
|---------------------------|----------------------------------|------------------------------|------------------------------------------------|-------------------------------------------------------------------------|
|                           |                                  |                              | Purchased as Part of a Publicly Announced Plan | Maximum Dollar Value of Shares That May Yet Be Purchased Under the Plan |
| Common stock:             |                                  |                              |                                                |                                                                         |
| October 1 to October 31   | —                                | \$ —                         | —                                              | —                                                                       |
| November 1 to November 30 | —                                | \$ —                         | —                                              | —                                                                       |
| December 1 to December 31 | —                                | \$ —                         | —                                              | —                                                                       |
| Total                     | —                                | \$ —                         | —                                              | —                                                                       |

#### Performance Graph

The following graph compares the percentage change in the cumulative total stockholder return on our common stock with the cumulative total return of the S&P 500 Stock Index and the FTSE NAREIT Lodging & Resorts Index for the period from December 31, 2017 December 31, 2018 through December 31, 2022 December 31, 2023, assuming an initial investment of \$100 in stock on December 31, 2016 December 31, 2018 with reinvestment of dividends. The NAREIT Lodging Resorts Index is not a published index; however, we believe the companies included in this index provide a representative example of enterprises in the lodging resort line of business in which we engage. Stockholders who wish to request a list of companies in the FTSE NAREIT Lodging & Resorts Index may send written requests to Braemar Hotels & Resorts Inc., Attention: Investor Relations, 14185 Dallas Parkway, Suite 1200, Dallas, Texas 75254.

The stock price performance shown below on the graph is not necessarily indicative of future stock price performance.

#### COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN

Among Braemar Hotels & Resorts Inc., the S&P Index and the FTSE NAREIT Lodging & Resorts Index

8700

#### Item 6. Reserved

#### Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following Management's Discussion and Analysis ("MD&A") is intended to help the reader understand our results of operations and financial condition. This MD&A is provided as a supplement to, and should be read in conjunction with, our audited consolidated financial statements and the accompanying notes thereto included in Item 8. In addition to historical financial information, the following discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our results

and the timing of selected events may differ materially from those anticipated in these forward-looking statements as a result of many factors, including those discussed under "Item 1A. Risk Factors" and elsewhere in this Annual Report on Form 10-K. See "Forward-Looking Statements."

This section of this Form 10-K generally discusses 2023 and 2022 items and year-to-year comparisons between 2023 and 2022. Discussions of 2021 items and year-to-year comparisons between 2022 and 2021. Discussions of 2020 items and year-to-year comparisons between 2021 and 2020 that are not included in this Form 10-K can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of the Company's Annual Report on Form 10-K for the year ended December 31, 2021 December 31, 2022.

## Overview

We are a Maryland corporation formed in April 2013 that invests primarily in high revenue per available room ("RevPAR"), luxury hotels and resorts. High RevPAR, for purposes of our investment strategy, means RevPAR of at least twice the then-current U.S. national average RevPAR for all hotels as determined by STR, LLC. Two times the U.S. national average was \$187 \$196 for the year ended December 31, 2022 December 31, 2023. We have elected to be taxed as a REIT under the Code. We conduct our business and own substantially all of our assets through our operating partnership, Braemar OP.

We operate in the direct hotel investment segment of the hotel lodging industry. As of December 31, 2022 December 31, 2023, we owned interests in 16 hotel properties in seven states, the District of Columbia, Puerto Rico and St. Thomas, U.S. Virgin Islands with 4,181 4,192 total rooms, or 3,946 3,957 net rooms, excluding those attributable to our joint venture partner. The hotel properties in our current portfolio are predominantly located in U.S. urban markets and resort locations with favorable growth characteristics resulting from multiple demand generators. We own 14 of our hotel properties directly, and the remaining two hotel properties, through an investment in a majority-owned consolidated entity.

We are advised by Ashford LLC a subsidiary of Ashford Inc., through an advisory agreement. All of the hotel properties in our portfolio are currently asset-managed by Ashford LLC. We do not have any employees. All of the services that might be provided by employees are provided to us by Ashford LLC.

We do not operate any of our hotel properties directly; instead we employ contractually engage hotel management companies to operate them for us under management contracts. As of December 31, 2022 December 31, 2023, Remington Hotels, Hospitality, a subsidiary of Ashford Inc., managed four of our 16 hotel properties. Third-party management companies managed the remaining hotel properties.

Ashford Inc. also provides other products and services to us or our hotel properties through certain entities in which Ashford Inc. has an ownership interest. These products and services include, but are not limited to, design and construction services, debt placement and related services, broker-dealer and distribution services, audio visual services, real estate advisory and brokerage services, insurance claims services, hypoallergenic premium rooms, watersport activities, travel/transportation services and mobile key technology.

## Recent Developments

In September 2022, given the recent increases in interest rates on short-term U.S. Treasury securities, the independent members of our board of directors approved the engagement of our Advisor to actively manage and invest the Company's excess cash in short-term U.S. Treasury securities (the "Cash Management Strategy"). As consideration for the Advisor's services under this engagement, the Company will pay the Advisor an annual fee equal to the lesser of (i) 20 basis points (0.20%) of the average daily balance of the Company's excess cash invested by the Advisor and (ii) the actual rate of return realized by the Cash Management Strategy (the "Cash Management Fee"); provided that in no event will the Cash Management Fee be less than zero. The Cash Management Fee will be calculated and payable monthly in arrears. Investment of the Company's excess cash pursuant to the Cash Management Strategy commenced in October 2022.

On December 1, 2022 October 31, 2023, the Company acquired a 100% interest in the 210-room Four Seasons Resort Scottsdale at Troon North for \$267.8 million in cash.

On December 7, 2022, our board of directors approved a new stock repurchase program pursuant to which the board of directors granted a repurchase authorization to acquire shares of the Company's common stock, par value \$0.01 per share, having an aggregate value of up to \$25 million. The board of director's authorization replaced any previous repurchase authorizations. During the year ended December 31, 2022, we repurchased 1.5 million shares of our common stock for approximately \$6.1 million. Subsequent to December 31, 2022, the Company repurchased approximately 3.9 million shares of amended its common stock for approximately \$18.9 million. The Company repurchased approximately 5.4 million shares of its common stock for approximately \$25.0 million and has completed the \$25.0 million repurchase authorization.

On December 23, 2022, we entered into a \$100 million mortgage loan secured by The Ritz-Carlton Lake Tahoe. Terms of the Four Seasons Resort Scottsdale at Troon North. The amendment included extending the maturity date by one year to January 2025, with a one-year extension option, amending the interest rate to SOFR + 3.60% and making a pay down of \$587,000.

On December 22, 2023, the Company entered into a \$110.6 million mortgage loan with Aareal Capital Corporation that is secured by the Capital Hilton in Washington, D.C. This mortgage loan has a three-year an initial term and maturity date of December 2026 with two one-year extension options, subject to the satisfaction of certain conditions. The mortgage loan is interest only conditions and bears interest at a floating interest rate of SOFR + 3.75%.

On January 3, 2024, the Company extended the mortgage loan secured by the Pier House Resort & Spa in Key West, Florida. The mortgage loan has an initial maturity date of September 2025 with one one-year extension option, subject to the satisfaction of certain conditions, continues to have a balance of \$80.0 million, and bears interest at a floating interest rate of SOFR floor + 3.60%.

On January 29, 2024, the Company extended the mortgage loan secured by The Ritz-Carlton St. Thomas in St. Thomas, USVI. The mortgage loan has an initial maturity date of 1.00% August 2025 with one one-year extension option, subject to the satisfaction of certain conditions, continues to have a balance of \$42.5 million, and bears interest at a floating interest rate of SOFR + 4.35%.

On February 5, 2024, the Company amended the mortgage loan secured by the Hilton La Jolla Torrey Pines. It remains encumbered by the original mortgage loan, which now has been partially paid down to a remaining balance of \$66.6 million. While the Company considers its alternatives regarding refinancing the loan or potentially selling the asset, the lender has provided a six month forbearance agreement. During this time, the mortgage loan bears an annual fixed interest rate of 9.0%.

In February 2024, the Company and Ashford Inc. approved funding up to an additional \$1.0 million, in the aggregate, for OpenKey. Such funding is to be allocated pro rata among Ashford Inc. and the Company.

On January 18, 2023 March 7, 2024, the Company paid off its existing mortgage closed on a \$62.0 million non-recourse loan associated with secured by the Ritz-Carlton Reserve Dorado Beach. Prior to the pay-off, the mortgage loan had an outstanding balance has a two-year term, is interest only and provides for a floating interest rate of \$54 million, SOFR + 4.75%.

On February 24, 2023, at the option of Mr. Monty J. Bennett, Mr. Bennett's 169,523 vested LTIP units that achieved economic parity with his common units were redeemed for common units on a one-for-one basis. On February 24, 2023, the Company received a Notice of Exercise of Redemption Right (the "Redemption Notice"), pursuant to which Mr. Bennett elected to redeem the common units and such redemption was settled in cash at the Company's election based on the average of the closing price of the Company's common stock for the ten consecutive trading days ending on February 23, 2023. Additionally, on February 24, 2023, Mr. Bennett elected to redeem an additional 1,254,254 common units and following receipt of the Redemption Notice, such redemption was settled in cash at the Company's election at a price per common unit based on the average of the closing price of the Company's common stock for the ten consecutive trading days ending on February 23, 2023. The cash redemption for the 1,423,777 common units totaled approximately \$7.0 million. Additionally, based on information previously reported by Mr. Bennett in a Form 4 filed on March 1, 2023, Mr. Bennett subsequently sold 417,491 shares of common stock beneficially owned by him into the public markets.

## Key Indicators of Operating Performance

We use a variety of operating and other information to evaluate the operating performance of our business. These key indicators include financial information that is prepared in accordance with GAAP, as well as other financial measures that are non-GAAP measures. In addition, we use other information that may not be financial in nature, including statistical information and comparative data. We use this information to measure the operating performance of our individual hotels, groups of hotels and/or business as a whole. We also use these metrics to evaluate the hotels in our portfolio and potential acquisitions to determine each hotel's contribution to cash flow and its potential to provide attractive long-term total returns. These key indicators include:

- **Occupancy.** Occupancy means the total number of hotel rooms sold in a given period divided by the total number of rooms available. Occupancy measures the utilization of our hotels' available capacity. We use occupancy to measure demand at a specific hotel or group of hotels in a given period.
- **ADR.** ADR means average daily rate and is calculated by dividing total hotel rooms revenues by total number of rooms sold in a given period. ADR measures average room price attained by a hotel and ADR trends provide useful information concerning the pricing environment and the nature of the customer base of a hotel or group of hotels. We use ADR to assess the pricing levels that we are able to generate.
- **RevPAR.** RevPAR means revenue per available room and is calculated by multiplying ADR by the average daily occupancy. RevPAR is one of the commonly used measures within the hotel industry to evaluate hotel operations. RevPAR does not include revenues from food and beverage sales or parking, telephone or other non-rooms revenues generated by the property. Although RevPAR does not include these ancillary revenues, it is generally considered the leading indicator of core revenues for many hotels. We also use RevPAR to compare the results of our hotels between periods and to analyze results of our comparable hotels (comparable hotels represent hotels we have owned for the entire period). RevPAR improvements attributable to increases in occupancy are generally accompanied by increases in most categories of variable operating costs. RevPAR improvements attributable to increases in ADR are generally accompanied by increases in limited categories of operating costs, such as management fees and franchise fees.

RevPAR changes that are primarily driven by changes in occupancy have different implications for overall revenues and profitability than changes that are driven primarily by changes in ADR. For example, an increase in occupancy at a hotel would lead to additional variable operating costs (including housekeeping services, utilities and room supplies) and could also result in increased other operating department revenue and expense. Changes in ADR typically have a greater impact on operating margins and profitability as they do not have a substantial effect on variable operating costs.

Occupancy, ADR and RevPAR are commonly used measures within the lodging industry to evaluate operating performance. RevPAR is an important statistic for monitoring operating performance at the individual hotel level and across our entire business. We evaluate individual hotel RevPAR performance on an absolute basis with comparisons to budget and prior periods, as well as on a regional and company-wide basis. ADR and RevPAR include only rooms revenue. Rooms revenue is dictated by demand (as measured by occupancy), pricing (as measured by ADR) and our available supply of hotel rooms.

We also use funds from operations ("FFO"), Adjusted FFO, earnings before interest, taxes, depreciation and amortization for real estate ("EBITDAre") and Adjusted EBITDAre as measures of the operating performance of our business. See "Non-GAAP Financial Measures."

## Principal Factors Affecting Our Results of Operations

The principal factors affecting our operating results include overall demand for hotel rooms compared to the supply of available hotel rooms, and the ability of our third-party management companies to increase or maintain revenues while controlling expenses.

**Demand.** The demand for lodging, including business travel, is directly correlated to the overall economy; as GDP increases, lodging demand typically increases. Historically, periods of declining demand are followed by extended periods of relatively strong demand, which typically occurs during the growth phase of the lodging cycle.

**Supply.** The development of new hotels is driven largely by construction costs, the availability of financing and expected performance of existing hotels. Short-term supply is also expected to be below long-term averages. While the industry is

expected to have supply growth below historical averages, we may experience supply growth, in certain markets, in excess of national averages that may negatively impact performance.

We expect that our ADR, occupancy and RevPAR performance will be impacted by macroeconomic factors such as national and local employment growth, personal income and corporate earnings, GDP, consumer confidence, office vacancy rates and business relocation decisions, airport and other business and leisure travel, new hotel construction, the pricing strategies of competitors and currency fluctuations. In addition, our ADR, occupancy and RevPAR performance are dependent on the continued success of the Marriott, Hilton, Four Seasons, Hyatt and Sofitel brands.

**Revenue.** Substantially all of our revenue is derived from the operation of hotels. Specifically, our revenue is comprised of:

- Rooms revenue: Occupancy and ADR are the major drivers of rooms revenue. Rooms revenue accounts for the substantial majority of our total revenue.

- Food and beverage revenue: Occupancy and the type of customer staying at the hotel are the major drivers of food and beverage revenue (i.e., group business typically generates more food and beverage business through catering functions when compared to transient business, which may or may not utilize the hotel's food and beverage outlets or meeting and banquet facilities).
- Other hotel revenue: Occupancy and the nature of the property are the main drivers of other ancillary revenue, such as telecommunications, parking and leasing services.

**Hotel Operating Expenses.** The following presents the components of our hotel operating expenses:

- Rooms expense: These costs include housekeeping wages and payroll taxes, reservation systems, room supplies, laundry services and front desk costs. Like rooms revenue, occupancy is the major driver of rooms expense and, therefore, rooms expense has a significant correlation to rooms revenue. These costs can increase based on increases in salaries and wages, as well as the level of service and amenities that are provided.
- Food and beverage expense: These expenses primarily include food, beverage and labor costs. Occupancy and the type of customer staying at the hotel (i.e., catered functions generally are more profitable than restaurant, bar or other on-property food and beverage outlets) are the major drivers of food and beverage expense, which correlates closely with food and beverage revenue.
- Management fees: Base management fees are computed as a percentage of gross revenue. Incentive management fees generally are paid when operating profits exceed certain threshold levels.
- Other hotel expenses: These expenses include labor and other costs associated with the other operating department revenues, as well as labor and other costs associated with administrative departments, franchise fees, sales and marketing, repairs and maintenance and utility costs.

Most categories of variable operating expenses, including labor costs such as housekeeping, fluctuate with changes in occupancy. Increases in occupancy are accompanied by increases in most categories of variable operating expenses, while increases in ADR typically only result in increases in limited categories of operating costs and expenses, such as franchise fees, management fees and credit card processing fee expenses which are based on hotel revenues. Thus, changes in ADR have a more significant impact on operating margins than changes in occupancy.

## RESULTS OF OPERATIONS

Year Ended **December 31, 2022** **December 31, 2023** Compared to Year Ended **December 31, 2021** **December 31, 2022**

The following table summarizes changes in key line items from our consolidated statements of operations for the years ended **December 31, 2022** **December 31, 2023** and **2021** **2022** (in thousands except percentages):

|                           |                           | Year Ended<br>December 31, |           | Favorable<br>(Unfavorable) |          |                         |            |           |     |             |   |
|---------------------------|---------------------------|----------------------------|-----------|----------------------------|----------|-------------------------|------------|-----------|-----|-------------|---|
|                           |                           | 2022                       | 2021      | \$ Change                  | % Change |                         |            |           |     |             |   |
|                           |                           | Year Ended December 31,    |           |                            |          | Year Ended December 31, |            |           |     | Fav         |   |
|                           |                           | 2023                       |           |                            |          | 2022                    |            |           |     | (\$ Change) |   |
|                           |                           |                            |           |                            |          |                         |            |           |     |             |   |
| Revenue                   |                           | Revenue                    |           |                            |          |                         |            |           |     |             |   |
| Rooms                     |                           |                            |           |                            |          |                         |            |           |     |             |   |
| Rooms                     |                           |                            |           |                            |          |                         |            |           |     |             |   |
| Rooms                     | Rooms                     | \$431,515                  | \$280,568 | \$150,947                  | 53.8 %   | \$ 464,899              | \$ 431,515 | \$ 33,384 | 7.7 | 7.7         | 9 |
| Food and beverage         | Food and beverage         | 159,241                    | 90,299    | 68,942                     | 76.3     |                         |            |           |     |             |   |
| Other                     |                           |                            |           |                            |          |                         |            |           |     |             |   |
| Other                     |                           |                            |           |                            |          |                         |            |           |     |             |   |
| Other                     | Other                     | 78,829                     | 56,675    | 22,154                     | 39.1     |                         |            |           |     |             |   |
| Total hotel revenue       | Total hotel revenue       | 669,585                    | 427,542   | 242,043                    | 56.6     |                         |            |           |     |             |   |
| Expenses                  |                           | Expenses                   |           |                            |          |                         |            |           |     |             |   |
| Expenses                  |                           |                            |           |                            |          |                         |            |           |     |             |   |
| Expenses                  |                           |                            |           |                            |          |                         |            |           |     |             |   |
| Hotel operating expenses: | Hotel operating expenses: |                            |           |                            |          |                         |            |           |     |             |   |
| Hotel operating expenses: |                           |                            |           |                            |          |                         |            |           |     |             |   |
| Hotel operating expenses: |                           |                            |           |                            |          |                         |            |           |     |             |   |
| Rooms                     |                           |                            |           |                            |          |                         |            |           |     |             |   |
| Rooms                     |                           |                            |           |                            |          |                         |            |           |     |             |   |
| Rooms                     | Rooms                     | 94,410                     | 59,818    | (34,592)                   | (57.8)   |                         |            |           |     |             |   |



|                                                               |                                                               |          |          |           |           |
|---------------------------------------------------------------|---------------------------------------------------------------|----------|----------|-----------|-----------|
| Food and beverage                                             | Food and beverage                                             | 125,555  | 75,177   | (50,378)  | (67.0)    |
| Other expenses                                                | Other expenses                                                | 205,373  | 138,914  | (66,459)  | (47.8)    |
| Management fees                                               | Management fees                                               | 20,149   | 13,117   | (7,032)   | (53.6)    |
| Total hotel operating expenses                                | Total hotel operating expenses                                | 445,487  | 287,026  | (158,461) | (55.2)    |
| Property taxes, insurance and other                           | Property taxes, insurance and other                           | 30,766   | 34,997   | 4,231     | 12.1      |
| Depreciation and amortization                                 | Depreciation and amortization                                 | 78,122   | 73,762   | (4,360)   | (5.9)     |
| Advisory services fee                                         | Advisory services fee                                         | 28,847   | 22,641   | (6,206)   | (27.4)    |
| (Gain) loss on legal settlements                              | (Gain) loss on legal settlements                              | (114)    | (917)    | (803)     | (87.6)    |
| Transaction costs                                             |                                                               | —        | 563      | 563       | 100.0     |
| Corporate general and administrative                          |                                                               |          |          |           |           |
| Corporate general and administrative                          |                                                               |          |          |           |           |
| Corporate general and administrative                          | Corporate general and administrative                          | 18,084   | 8,717    | (9,367)   | (107.5)   |
| Total expenses                                                | Total expenses                                                | 601,192  | 426,789  | (174,403) | (40.9)    |
| Gain (loss) on insurance settlement and disposition of assets |                                                               | —        | 696      | (696)     | (100.0)   |
| Operating income (loss)                                       |                                                               |          |          |           |           |
| Operating income (loss)                                       |                                                               |          |          |           |           |
| Operating income (loss)                                       | Operating income (loss)                                       | 68,393   | 1,449    | 66,944    | (4,620.0) |
| Equity in earnings (loss) of unconsolidated entity            | Equity in earnings (loss) of unconsolidated entity            | (328)    | (252)    | (76)      | (30.2)    |
| Interest income                                               | Interest income                                               | 2,677    | 48       | 2,629     | 5,477.1   |
| Other income (expense)                                        |                                                               |          |          |           |           |
| Interest expense and amortization of discounts and loan costs |                                                               |          |          |           |           |
| Interest expense and amortization of discounts and loan costs |                                                               |          |          |           |           |
| Interest expense and amortization of discounts and loan costs | Interest expense and amortization of discounts and loan costs | (52,166) | (30,901) | (21,265)  | (68.8)    |
| Write-off of loan costs and exit fees                         | Write-off of loan costs and exit fees                         | (146)    | (1,963)  | 1,817     | 92.6      |
| Gain (loss) on extinguishment of debt                         |                                                               |          |          |           |           |
| Gain (loss) on extinguishment of debt                         |                                                               |          |          |           |           |
| Gain (loss) on extinguishment of debt                         |                                                               |          |          |           |           |
| Realized and unrealized gain (loss) on derivatives            |                                                               |          |          |           |           |

|                                                                                                |                                                                                                |             |             |           |             |
|------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|-------------|-------------|-----------|-------------|
| Realized and unrealized gain (loss) on derivatives                                             |                                                                                                |             |             |           |             |
| Realized and unrealized gain (loss) on derivatives                                             | Realized and unrealized gain (loss) on derivatives                                             | 4,961       | 32          | 4,929     | 15,403.1    |
| <b>Income (loss) before income taxes</b>                                                       | <b>Income (loss) before income taxes</b>                                                       | 23,391      | (31,587)    | 54,978    | 174.1       |
| Income tax (expense) benefit                                                                   | Income tax (expense) benefit                                                                   | (4,043)     | (1,324)     | (2,719)   | (205.4)     |
| <b>Net income (loss)</b>                                                                       | <b>Net income (loss)</b>                                                                       | 19,348      | (32,911)    | 52,259    | 158.8       |
| (Income) loss attributable to noncontrolling interest in consolidated entities                 | (Income) loss attributable to noncontrolling interest in consolidated entities                 | (2,063)     | 2,650       | (4,713)   | (177.8)     |
| Net (income) loss attributable to redeemable noncontrolling interests in operating partnership | Net (income) loss attributable to redeemable noncontrolling interests in operating partnership | 476         | 3,597       | (3,121)   | (86.8)      |
| <b>Net income (loss) attributable to the Company</b>                                           | <b>Net income (loss) attributable to the Company</b>                                           | \$ 17,761   | \$ (26,664) | \$ 44,425 | 166.6 %     |
|                                                                                                | <b>Net income (loss) attributable to the Company</b>                                           | \$ (27,017) | \$          | \$ 17,761 | \$ (44,778) |
|                                                                                                |                                                                                                |             |             |           | (252.1)     |
|                                                                                                |                                                                                                |             |             |           | (252.1)     |

All hotel properties owned for the years ended **December 31, 2022**, **December 31, 2023** and **2021**, **2022** have been included in our results of operations during the respective periods in which they were owned. Based on when a hotel property was acquired or disposed of **the** operating results for certain hotel properties are not comparable for the years ended **December 31, 2022**, **December 31, 2023** and **2021**, **2022**. The hotel properties listed below are not comparable hotel properties for the periods indicated and all other hotel properties are considered comparable hotel properties. The following acquisitions affect reporting comparability related to our consolidated financial statements:

| Hotel Properties Property             | Location            | Type        | Date             |
|---------------------------------------|---------------------|-------------|------------------|
| The Ritz-Carlton Reserve Dorado Beach | Dorado, Puerto Rico | Acquisition | March 11, 2022   |
| Four Seasons Resort Scottsdale        | Scottsdale, Arizona | Acquisition | December 1, 2022 |

The following table illustrates the key performance indicators of all hotel properties **owned** for the periods indicated:

|                                     |                                     | Year Ended December 31, |           |                         |         |
|-------------------------------------|-------------------------------------|-------------------------|-----------|-------------------------|---------|
|                                     |                                     | 2022                    | 2021      |                         |         |
|                                     |                                     | Year Ended December 31, |           | Year Ended December 31, |         |
|                                     |                                     | 2023                    |           | 2023                    | 2022    |
| Occupancy                           | Occupancy                           | 65.62 %                 | 52.47 %   | Occupancy               | 66.94 % |
| ADR (average daily rate)            | ADR (average daily rate)            | \$ 451.56               | \$ 386.45 |                         |         |
| RevPAR (revenue per available room) | RevPAR (revenue per available room) | \$ 296.30               | \$ 202.76 |                         |         |
| Rooms revenue (in thousands)        | Rooms revenue (in thousands)        | \$431,515               | \$280,568 |                         |         |

|                                    |                                    |           |           |
|------------------------------------|------------------------------------|-----------|-----------|
| Total hotel revenue (in thousands) | Total hotel revenue (in thousands) | \$669,585 | \$427,542 |
|------------------------------------|------------------------------------|-----------|-----------|

The following table illustrates the key performance indicators of the 13 14 hotel properties that were included owned for the full year years ended December 31, 2022 December 31, 2023 and 2021 2022:

|                                     |                                     | Year Ended December 31, |           |           |         |       |      |
|-------------------------------------|-------------------------------------|-------------------------|-----------|-----------|---------|-------|------|
|                                     |                                     | 2022                    | 2021      |           |         | 2023  | 2022 |
| Occupancy                           | Occupancy                           | 65.50 %                 | 52.29 %   | Occupancy | 68.16 % | 65.83 | %    |
| ADR (average daily rate)            | ADR (average daily rate)            | \$ 421.09               | \$ 387.47 |           |         |       |      |
| RevPAR (revenue per available room) | RevPAR (revenue per available room) | \$ 275.83               | \$ 202.61 |           |         |       |      |
| Rooms revenue (in thousands)        | Rooms revenue (in thousands)        | \$376,861               | \$276,038 |           |         |       |      |
| Total hotel revenue (in thousands)  | Total hotel revenue (in thousands)  | \$583,659               | \$420,949 |           |         |       |      |

**Net Income (Loss) Attributable to the Company.** Net income (loss) attributable to the Company changed \$44.4 million \$44.8 million, from a net loss of \$26.7 million for the year ended December 31, 2021 ("2021"), to net income of \$17.8 million for the year ended December 31, 2022 ("2022") , to a net loss of \$27.0 million for the year ended December 31, 2023 ("2023"), as a result of the factors discussed below.

**Rooms Revenue.** Rooms revenue increased \$150.9 million \$33.4 million, or 53.8% 7.7%, to \$431.5 million \$464.9 million during 2022 2023 compared to 2021 2022. During 2022 2023, we experienced a 1,315 132 basis point increase in occupancy and a 16.8% increase in room rates were flat compared to 2021. The increase in rooms revenue is due to the hotel properties recovering from the COVID-19 pandemic as well as increases in rooms revenue of \$8.9 million from the acquisition of the Mr. C Beverly Hills Hotel on August 5, 2021, \$38.1 million from the acquisition of The Ritz-Carlton Reserve Dorado Beach on March 11, 2022, and \$3.1 million from the acquisition of the Four Seasons Resort Scottsdale. 2022.

Fluctuations in rooms revenue between 2022 2023 and 2021 2022 are a result of the changes in occupancy and ADR between 2022 2023 and 2021 2022 as reflected in the table below (dollars in thousands):

| Hotel Property                  | Hotel Property | Favorable (Unfavorable) |                                             |
|---------------------------------|----------------|-------------------------|---------------------------------------------|
|                                 |                | Rooms Revenue           | Occupancy (change in bps) ADR (change in %) |
| Comparable                      | Comparable     |                         |                                             |
| Capital Hilton                  |                | \$ 20,104               | 3,470 42.9 %                                |
| Marriott Seattle Waterfront (1) |                | 6,340                   | 465 30.4 %                                  |
| Comparable                      |                |                         |                                             |
| Comparable                      |                |                         |                                             |
| Capital Hilton (1)              |                |                         |                                             |
| Capital Hilton (1)              |                |                         |                                             |
| Capital Hilton (1)              |                |                         |                                             |
| Marriott Seattle Waterfront (2) |                |                         |                                             |
| Marriott Seattle Waterfront (2) |                |                         |                                             |
| Marriott Seattle Waterfront (2) |                |                         |                                             |

|                                            |                                      |            |       |      |   |
|--------------------------------------------|--------------------------------------|------------|-------|------|---|
| The Notary Hotel                           |                                      |            |       |      |   |
| The Notary Hotel                           |                                      |            |       |      |   |
| The Notary Hotel                           | The Notary Hotel                     | 10,348     | 1,898 | 23.6 | % |
| The Clancy                                 | The Clancy                           | 16,707     | 1,408 | 71.2 | % |
| The Clancy                                 |                                      |            |       |      |   |
| The Clancy                                 |                                      |            |       |      |   |
| Sofitel Chicago Magnificent Mile           |                                      |            |       |      |   |
| Sofitel Chicago Magnificent Mile           |                                      |            |       |      |   |
| Sofitel Chicago Magnificent Mile           | Sofitel Chicago Magnificent Mile     | 10,407     | 1,843 | 23.6 | % |
| Pier House Resort & Spa                    | Pier House Resort & Spa              | 2,337      | (701) | 19.6 | % |
| Pier House Resort & Spa                    |                                      |            |       |      |   |
| Pier House Resort & Spa                    |                                      |            |       |      |   |
| The Ritz-Carlton St. Thomas                |                                      |            |       |      |   |
| The Ritz-Carlton St. Thomas                |                                      |            |       |      |   |
| The Ritz-Carlton St. Thomas                | The Ritz-Carlton St. Thomas          | 3,607      | (571) | 14.8 | % |
| Park Hyatt Beaver Creek Resort & Spa       | Park Hyatt Beaver Creek Resort & Spa | 7,950      | 565   | 32.3 | % |
| Park Hyatt Beaver Creek Resort & Spa       |                                      |            |       |      |   |
| Park Hyatt Beaver Creek Resort & Spa       |                                      |            |       |      |   |
| Hotel Yountville                           | Hotel Yountville                     | 1,429      | (384) | 19.0 | % |
| The Ritz-Carlton Sarasota                  |                                      | 5,318      | (253) | 13.2 | % |
| Hotel Yountville                           |                                      |            |       |      |   |
| Hotel Yountville                           |                                      |            |       |      |   |
| The Ritz-Carlton Sarasota <sup>(1)</sup>   |                                      |            |       |      |   |
| The Ritz-Carlton Sarasota <sup>(1)</sup>   |                                      |            |       |      |   |
| The Ritz-Carlton Sarasota <sup>(1)</sup>   |                                      |            |       |      |   |
| Hilton La Jolla Torrey Pines               |                                      |            |       |      |   |
| Hilton La Jolla Torrey Pines               |                                      |            |       |      |   |
| Hilton La Jolla Torrey Pines               | Hilton La Jolla Torrey Pines         | 10,953     | 1,945 | 23.2 | % |
| Bardessono Hotel and Spa                   | Bardessono Hotel and Spa             | 691        | (396) | 10.2 | % |
| The Ritz-Carlton Lake Tahoe                |                                      | 4,631      | 73    | 16.5 | % |
| Bardessono Hotel and Spa                   |                                      |            |       |      |   |
| Bardessono Hotel and Spa                   |                                      |            |       |      |   |
| The Ritz-Carlton Lake Tahoe <sup>(1)</sup> |                                      |            |       |      |   |
| The Ritz-Carlton Lake Tahoe <sup>(1)</sup> |                                      |            |       |      |   |
| The Ritz-Carlton Lake Tahoe <sup>(1)</sup> |                                      |            |       |      |   |
| Cameo Beverly Hills                        |                                      |            |       |      |   |
| Cameo Beverly Hills                        |                                      |            |       |      |   |
| Cameo Beverly Hills                        |                                      |            |       |      |   |
| Total                                      |                                      |            |       |      |   |
| Total                                      |                                      |            |       |      |   |
| Total                                      | Total                                | \$ 100,822 | 1,321 | 8.7  | % |
| Non-comparable                             | Non-comparable                       |            |       |      |   |
| Mr. C Beverly Hills Hotel                  |                                      | \$ 8,941   | 1,038 | 4.4  | % |
| Non-comparable                             |                                      |            |       |      |   |
| Non-comparable                             |                                      |            |       |      |   |
| The Ritz-Carlton Reserve Dorado Beach      |                                      |            |       |      |   |
| The Ritz-Carlton Reserve Dorado Beach      |                                      |            |       |      |   |

|                                |                      |                  |     |     |
|--------------------------------|----------------------|------------------|-----|-----|
| The Ritz-Carlton               | The Ritz-Carlton     |                  |     |     |
| Reserve Dorado Beach           | Reserve Dorado Beach | 38,077           | n/a | n/a |
| Four Seasons Resort            | Four Seasons Resort  |                  |     |     |
| Scottsdale                     | Scottsdale           | 3,107            | n/a | n/a |
| Four Seasons Resort Scottsdale |                      |                  |     |     |
| Four Seasons Resort Scottsdale |                      |                  |     |     |
| <b>Total</b>                   | <b>Total</b>         | <b>\$ 50,125</b> |     |     |
| Total                          |                      |                  |     |     |
| Total                          |                      |                  |     |     |

(a) This hotel was under renovation during the 2022 period, 2023.

(a) This hotel was under renovation during 2022.

**Food and Beverage Revenue.** Food and beverage revenue increased \$68.9 million \$26.1 million, or 76.3% 16.4%, to \$159.2 million \$185.3 million during 2022 2023 compared to 2021. This increase is primarily driven by the recovery from the COVID-19 pandemic, 2022. We experienced an aggregate increase in food and beverage revenue of \$50.2 million \$8.6 million at 13 five comparable hotel properties as well as and increases of \$3.0 million, \$14.2 million \$4.0 million and \$1.4 million \$22.4 million at the Mr. C Beverly Hills Hotel, The Ritz-Carlton Reserve Dorado Beach and the Four Seasons Resort Scottsdale, respectively. These increases were partially offset by an aggregate decrease of approximately \$8.8 million at The Ritz-Carlton St. Thomas, The Ritz-Carlton Sarasota, The Ritz-Carlton Lake Tahoe, Pier House Resort & Spa, Bardessono Hotel and Spa, Hotel Yountville, Sofitel Chicago Magnificent Mile, Park Hyatt Beaver Creek Resort & Spa, and Cameo Beverly Hills.

**Other Hotel Revenue.** Other hotel revenue, which consists mainly of condo management fees, health center fees, resort fees, golf, telecommunications, parking and rentals, and business interruption revenue, increased \$22.2 million \$10.3 million, or 39.1% 13.0%, to \$78.8 million \$89.1 million during 2022 2023 compared to 2021, 2022.

The This increase is attributable to higher other hotel revenue of \$11.9 million \$3.1 million at 11 nine comparable hotel properties, and an increase of \$917,000 at the Mr. C Beverly Hills Hotel, \$8.9 million \$2.7 million at The Ritz-Carlton Reserve Dorado Beach as well as \$657,000 and \$7.4 million at the Four Seasons Resort Scottsdale, Scottsdale. These increases were partially offset by a an aggregate decrease of \$257,000 approximately \$2.9 million at Marriott Seattle Waterfront and \$21,000 at the The Ritz-Carlton St. Thomas, The Ritz-Carlton Sarasota, The Ritz-Carlton Lake Tahoe, Pier House Resort & Spa, Spa, Park Hyatt Beaver Creek Resort & Spa and Capital Hilton.

**Rooms Expense.** Rooms expense increased \$34.6 million \$11.0 million, or 57.8% 11.7%, to \$94.4 million \$105.4 million in 2022 2023 compared to 2021. The 2022. This increase is attributable to an aggregate increase in rooms expense of \$22.9 million \$4.3 million at 13 six comparable hotel properties, due to the hotel properties recovering from the COVID-19 pandemic and increases an increase of \$2.7 million at the Mr. C Beverly Hills Hotel, \$8.5 million \$1.7 million at The Ritz-Carlton Reserve Dorado Beach as well as \$538,000 and an increase of \$7.3 million at the Four Seasons Resort Scottsdale. These increases were partially offset by an aggregate decrease of approximately \$2.3 million at The Ritz-Carlton St. Thomas, The Ritz-Carlton Sarasota, The Ritz-Carlton Lake Tahoe, Pier House Resort & Spa, Bardessono Hotel and Spa, Hotel Yountville, Park Hyatt Beaver Creek Resort & Spa, and Cameo Beverly Hills.

**Food and Beverage Expense.** Food and beverage expense increased \$50.4 million \$19.0 million, or 67.0% 15.1%, to \$125.6 million \$144.5 million during 2022 2023 compared to 2021.

The 2022. This increase is attributable to an aggregate increase higher food and beverage expense of \$33.6 million \$5.9 million at 13 seven comparable hotel properties, and increases of \$2.8 million at the Mr. C Beverly Hills Hotel, \$12.7 million \$3.7 million at The Ritz-Carlton Reserve Dorado Beach and \$1.3 million \$14.9 million at the Four Seasons Resort Scottsdale. These increases were partially offset by an aggregate decrease of approximately \$5.5 million at The Ritz-Carlton St. Thomas, The Ritz-Carlton Sarasota, The Ritz-Carlton Lake Tahoe, Hotel Yountville, Sofitel Chicago Magnificent Mile, Park Hyatt Beaver Creek Resort & Spa and Cameo Beverly Hills.

**Other Operating Expenses.** Other operating expenses increased \$66.5 million \$22.5 million, or 47.8% 11.0%, to \$205.4 million \$227.9 million in 2022 2023 compared to 2021. Hotel 2022. Other operating expenses consist of direct expenses from departments associated with revenue streams and

indirect expenses associated with support departments and incentive management fees. We experienced an increase of \$8.0 million \$3.0 million in direct expenses and \$58.4 million \$19.5 million in indirect expenses and incentive management fees in 2022 2023 compared to 2021.

2022. Direct expenses were 4.3% of total hotel revenue in 2022 2023 and 4.9% 4.3% in 2021. 2022.

The increase in direct expenses is associated with higher direct expenses of approximately \$2.9 million \$1.1 million at 11 nine comparable hotel properties, as they are recovering from the COVID-19 pandemic, as well as an increase of \$61,000 at the Mr. C Beverly Hills Hotel, \$5.0 million \$1.3 million at The Ritz-Carlton Reserve Dorado Beach as well as \$193,000 and \$2.6 million at the Four Seasons Resort Scottsdale, the Scottsdale. These increases are were partially offset by lower direct expenses of \$58,000 \$2.0 million at the Capital Hilton Sofitel Chicago Magnificent Mile, Pier House Resort & Spa, Cameo Beverly Hills, The Ritz-Carlton St. Thomas and Marriott Seattle Waterfront. The Ritz-Carlton Sarasota.

The increase in indirect expenses is attributable to increases in in: (i) general and administrative costs of \$24.6 million \$6.6 million comprising of an increase of \$15.6 million \$7.0 million at the two acquired hotel properties, partially offset by a decrease of \$413,000 at our 13 14 comparable hotel properties and \$9.1 million at the three acquired hotel properties; (ii) marketing costs of \$15.7 million \$8.9 million comprising an increase of \$11.5 million \$3.6 million at our 13 14 comparable hotel properties and \$4.2 million \$5.3 million at the three two acquired hotel properties; (iii) repairs and maintenance of \$6.2 million \$4.0 million comprising an increase of \$2.5 million \$544,000 at our 13 14 comparable hotel properties and \$3.7 million \$3.5 million at the three two acquired hotel properties; (iv) lease expense of \$1.3 million \$103,000 comprising an increase of \$1.1 million \$170,000 at our 13 14 comparable hotel properties, and \$250,000 partially offset by an aggregate decrease of \$67,000 at the three two acquired hotel properties; and (v) energy costs of \$6.7 million \$2.4 million comprised of an increase of \$3.3 million \$1.0 million at our 13 14 comparable hotel properties and \$3.4 million \$1.4 million at the three our two acquired hotel

properties; and (vi) properties. These increases in indirect expenses were partially offset by an aggregate decrease of \$2.5 million in incentive management fees, comprising of \$3.8 million comprising an increase aggregate decrease of \$2.9 million \$4.6 million at our 13 14 comparable hotel properties, and \$888,000 offset by an aggregate increase of \$2.1 million at the three two acquired hotel properties.

**Management Fees.** Base management fees increased \$7.0 million \$3.1 million, or 53.6% 15.4%, to \$20.1 million \$23.3 million in 2022 2023 compared to 2021 2022. Management fees increased approximately \$4.9 million \$2.1 million at 12 of our six comparable hotel properties, \$382,000 at the Mr. C Beverly Hills Hotel, \$1.9 million \$577,000 at The Ritz-Carlton Reserve Dorado Beach and \$157,000 \$1.9 million at the Four Seasons Resort Scottsdale. These increases were partially offset by an aggregate decrease of \$444,000 \$1.5 million at the Sofitel Chicago Magnificent Mile primarily as a result of a legal settlement with Accor. See Item 3. "Legal Proceedings." Park Hyatt Beaver Creek Resort & Spa, Pier House Resort & Spa, Hotel Yountville, Bardessono Hotel and Spa, Cameo Beverly Hills, The Ritz-Carlton St. Thomas, The Ritz-Carlton Sarasota and The Ritz-Carlton Lake Tahoe.

**Property Taxes, Insurance and Other.** Property taxes, insurance and other decreased \$4.2 million increased \$7.9 million, or 12.1% 25.6%, to \$30.8 million \$38.6 million in 2022 2023 compared to 2021 2022. This increase is primarily attributable to an aggregate increase of \$5.9 million at 12 comparable hotel properties, \$1.2 million at The decrease primarily resulted from Ritz-Carlton Reserve Dorado Beach and \$875,000 at the Four Seasons Resort Scottsdale. These increases were partially offset by an aggregate decrease of \$8.5 million at five hotel properties, including a \$5.5 million and \$2.5 million decrease approximately \$87,000 at the Sofitel Chicago Magnificent Mile and Marriott Seattle Waterfront, respectively, due to lower property tax assessments. The decrease is partially offset by increases of \$768,000 at the Mr. C Beverly Hills Hotel, \$2.1 million \$64,000 at The Ritz-Carlton Reserve Dorado Beach and \$78,000 at the Four Seasons Resort Scottsdale as a result of their acquisitions, as well as an aggregate increase of approximately \$1.3 million at eight hotel properties. Notary Hotel.

**Depreciation and Amortization.** Depreciation and amortization increased \$4.4 million \$15.2 million, or 5.9% 19.4%, to \$78.1 million \$93.3 million for 2022 2023 compared to 2021 2022. This increase is comprised of \$1.5 million at the Mr. C Beverly Hills Hotel, \$5.1 million at The Ritz-Carlton Reserve Dorado Beach, and \$781,000 \$8.8 million at the Four Seasons Resort Scottsdale as a result of their acquisitions as well as and an aggregate increase of \$2.2 million \$8.5 million at the Park Hyatt Beaver Creek Resort & Spa, Marriott Seattle Waterfront, The Ritz-Carlton St. Thomas and The Ritz-Carlton Lake Tahoe, eight comparable hotel properties. These increases were partially offset by an aggregate decrease of \$5.2 million \$3.7 million at nine comparable hotel properties the Sofitel Chicago Magnificent Mile, The Clancy, Pier House Resort & Spa, Hotel Yountville, Bardessono Hotel and Spa and Cameo Beverly Hills, primarily due to fully depreciated assets.

**Advisory Services Fee.** Advisory services fee increased \$6.2 million \$2.2 million, or 27.4% 7.8%, to \$28.8 million \$31.1 million in 2022 2023 compared to 2021 2022 due to increases in the reimbursable expenses of \$3.7 million and base advisory fee of \$2.0 million, reimbursable expenses of \$2.4 million, \$1.2 million. These increases were partially offset by decreases in equity-based compensation of \$1.1 million, \$1.8 million and incentive fee of \$803,000.

In 2023, we recorded an advisory services fee of \$31.1 million, which included a base advisory fee of \$14.0 million, reimbursable expenses of \$8.4 million and \$8.8 million associated with equity grants of our common stock and LTIP units awarded to the officers and employees of Ashford Inc.

In 2022, we recorded an advisory services fee of \$28.8 million, \$28.8 million, which included a base advisory fee of \$12.8 million, \$12.8 million, reimbursable expenses of \$4.7 million, \$10.6 million \$4.7 million, \$10.6 million associated with equity grants of our common stock and LTIP units awarded to the officers and employees of Ashford Inc. and an incentive fee of \$803,000.

In 2021, we recorded an advisory services fee of \$22.6 million, which included a base advisory fee of \$10.8 million, reimbursable expenses of \$2.3 million and \$9.5 million associated with equity grants of our common stock and LTIP units awarded to the officers and employees of Ashford Inc.

**(Gain) loss Gain on legal settlements Legal Settlements.** In 2021, we recognized a gain of \$728,000 related to the settlement of a transfer tax matter with the City of San Francisco and \$189,000 related to a billing dispute. During 2022, the Company received an additional payment of approximately \$114,000 related to accrued interest on the initial settlement amount associated with the City of San Francisco transfer tax matter.

**Transaction costs.** In 2021, we recognized \$563,000 of transaction costs associated with the acquisition of the Mr. C Beverly Hills Hotel that closed on August 5, 2021. There were no transaction costs in 2022, such gain during 2023.

**Corporate General and Administrative.** Corporate general and administrative expense was \$13.5 million in 2023 compared to \$18.1 million in 2022 and \$8.7 million in 2021 2022. The increase decrease in corporate general and administrative expenses is primarily due to higher professional fees of \$1.2 million, higher public company costs of \$108,000, higher lower

reimbursed operating expenses of Ashford Securities of \$7.5 million and higher \$5.1 million, lower miscellaneous expenses of \$572,000. \$307,000 and lower public company costs of \$271,000, partially offset by higher professional fees of \$1.1 million.

During 2022, the funding estimate to Ashford Securities was revised based on the latest capital raise estimates of the aggregate capital raised through Ashford Securities that resulted in additional expense of approximately \$7.2 million.

**Gain (loss) on Insurance Settlement and Disposition of Assets** \$7.2 million. In 2021, we recognized a gain of \$481,000 associated with proceeds received from an insurance claim, a gain of \$18,000 upon disposition of certain fixed assets, as well as a gain of \$197,000 associated with the sale of certain ERFP assets to Ashford Inc. There was no such gain (loss) in 2022.

**Equity in Earnings (Loss) of Unconsolidated Entity.** In 2022 2023 and 2021 2022, we recorded equity in loss of unconsolidated entity of \$328,000 \$253,000 and \$252,000, \$328,000, respectively, related to our investment in OpenKey.

**Interest Income.** Interest income was \$6.4 million and \$2.7 million in 2023 and \$48,000 in 2022, and 2021, respectively. The increase in interest income in 2023 was primarily related attributable to higher cash balances and higher short-term interest rates in 2022 compared to 2021, on excess cash and the Company's cash management agreement with Ashford LLC.



**Other Income (Expense).** In 2023, we recorded miscellaneous income of \$293,000.

**Interest Expense and Amortization of Discounts and Loan Costs.** Interest expense and amortization of discounts and loan costs increased \$21.3 million \$42.1 million, or 68.8% 80.6%, to \$52.2 million \$94.2 million for 2022 2023 compared to 2021, 2022. The increase is primarily due to higher interest expense from higher average interest rates and the mortgage loan secured by the Four Seasons Resort Scottsdale as a higher result of its acquisition in December 2022. The average SOFR rates for 2023 and 2022 were 4.91% and 1.58%, respectively. LIBOR ceased to be published after June 30, 2023. The average LIBOR rate as well as higher interest expense from our Convertible Senior Notes and the mortgage loans associated with the Mr. C Beverly Hills Hotel and The Ritz-Carlton Reserve Dorado Beach acquisitions. The average LIBOR rates for 2022 and 2021 were 1.91% and 0.10%, respectively.

**Write-off of Loan Costs and Exit Fees.** Write-off of loan costs and exit fees was \$146,000 \$3.5 million in 2022 primarily resulting from the refinance of the Park Hyatt Beaver Creek Resort & Spa in February 2022, the assumption of the mortgage 2023 related to various loan from the acquisition of The Ritz-Carlton Reserve Dorado Beach, the extension of The Ritz-Carlton St. Thomas mortgage loan modifications and the amendments costs associated with Bardessono Hotel and Spa and The Ritz-Carlton Lake Tahoe mortgage loans, the \$200 million secured credit facility.

Write-off of loan costs and exit fees was \$2.0 million \$146,000 in 2021. This included a \$1.2 million write-off 2022 related to various loan refinances and modifications.

**Gain (loss) on Extinguishment of unamortized loan costs upon Debt.** Gain on extinguishment of debt was \$2.3 million in 2023 due to the payoff of our secured term loan payoff and \$387,000 of third-party fees from amendments executed with various lenders, which included deferral of debt service payments and allowed The Ritz-Carlton Reserve Dorado Beach mortgage loan. The gain was primarily attributable to the use of reserves for property-level operating shortfalls and/or to cover debt service payments. These third-party fees incurred in conjunction with these amendments were expensed in accordance with applicable accounting guidance. In addition, there premium that was a write-off of loan costs of approximately \$419,000 recorded upon the \$20 million pay-down assumption of the mortgage loan assumed with when the acquisition of the Mr. C Beverly Hills Hotel, hotel was acquired. There was no such gain or loss in 2022.

**Realized and Unrealized Gain (Loss) on Derivatives.** Realized and unrealized loss on derivatives of \$663,000 for 2023 consisted of unrealized loss on interest rate caps of approximately \$8.7 million, partially offset by an unrealized gain on warrants of \$272,000 and a realized gain of \$7.8 million associated with payments received from counterparties on in-the-money interest rate caps.

Realized and Unrealized gain on derivatives of \$5.0 million for 2022 consisted of an unrealized gains gain of approximately \$3.8 million \$3.3 million on interest rate caps, and an unrealized gain of approximately \$1.2 million on warrants and a realized gains gain of \$497,000 associated with payments received from counterparties on interest rate caps.

Realized and unrealized gain on derivatives of \$32,000 for 2021 consisted of an unrealized gain of approximately \$94,000 on warrants, partially offset by an unrealized loss of approximately \$62,000 on in-the-money interest rate caps.

**Income Tax (Expense) Benefit.** Income tax expense increased \$2.7 million decreased \$1.4 million, from \$1.3 million in 2021 to \$4.0 million in 2022, 2022 to \$2.7 million in 2023. This increase decrease was primarily due to an increase a decrease in the profitability taxable income of certain of our TRS entities in 2022 2023 compared to 2021, 2022.

**(Income) Loss Attributable to Noncontrolling Interest in Consolidated Entities.** Our noncontrolling interest partner in consolidated entities was allocated income of \$1.6 million and \$2.1 million in 2023 and a loss of \$2.7 million in 2022, and 2021, respectively. At both December 31, 2022 December 31, 2023 and 2021, 2022, noncontrolling interest in consolidated entities represented an ownership interest of 25% in two hotel properties held by one entity.

**Net (Income) Loss Attributable to Redeemable Noncontrolling Interests in Operating Partnership.** Noncontrolling interests in operating partnership were allocated a net loss of \$5.2 million in 2023 and net loss of \$476,000 in 2022 and \$3.6 million in 2021, 2022. Redeemable noncontrolling interests represented ownership interests in Braemar OP of approximately 7.69% 6.63% and 8.83% 7.69% as of December 31, 2022 December 31, 2023 and 2021, 2022, respectively.

## LIQUIDITY AND CAPITAL RESOURCES

Our short-term liquidity requirements consist primarily of funds necessary to pay for operating expenses and other expenditures directly associated with our hotel properties, including:

- advisory fees payable to Ashford LLC;
- recurring maintenance necessary to maintain our hotel properties in accordance with brand standards;
- interest expense and scheduled principal payments on outstanding indebtedness;
- distributions, if any, in the form of dividends on our common stock, necessary to qualify for taxation as a REIT; stock;
- dividends on our preferred stock; and
- capital expenditures to improve our hotel properties; and
- advisory fees payable to Ashford LLC, properties.

We expect to meet our short-term liquidity requirements generally through net cash provided by operations, capital market activities, our Revolving Credit Facility, asset sales and existing cash balances.

Pursuant to the advisory agreement between us and our advisor, we must pay our advisor on a monthly basis a base advisory fee, subject to a minimum base advisory fee. The minimum base advisory fee is equal to the greater of: (i) 90% of the base fee paid for the same month in the prior fiscal year; and (ii) 1/12<sup>th</sup> of the "G&A Ratio" for the most recently completed fiscal quarter multiplied by our total market capitalization on the last balance sheet date included in the most recent quarterly report on Form 10-Q or annual report on Form 10-K that we file with the SEC. Thus, even if our total market capitalization and performance decline, we will still be required to make payments to our advisor equal to the minimum base advisory fee, which could adversely impact our liquidity and financial condition.

Our long-term liquidity requirements consist primarily of funds necessary to pay for the costs of acquiring additional hotel properties and redevelopments, renovations, expansions and other capital expenditures that need to be made periodically with respect to our hotel properties and scheduled debt payments. We expect to meet our long-term liquidity requirements through various sources of capital, including future common and preferred equity issuances, existing working capital, net cash provided by operations, hotel mortgage indebtedness and other secured and unsecured borrowings. However, there are a number of factors that may have a material adverse effect on our ability to access these capital sources, the state of overall equity and credit markets, our degree of leverage, our unencumbered asset base and borrowing restrictions imposed by lenders (including as a result of any failure to comply with financial covenants in our existing and future indebtedness), general market conditions for REITs, our operating performance and liquidity and market perceptions about us. The success of our business strategy will depend, in part, on our ability to access these various capital sources. While management cannot provide any assurances, management believes that our cash flow from operations and our existing cash balances will be adequate to meet upcoming anticipated requirements for interest and principal payments on debt (excluding any potential final maturity principal payments and paydowns for extension tests), working capital, and capital expenditures for the next 12 months and dividends required to maintain our status as a REIT for U.S. federal income tax purposes.

Our hotel properties will require periodic capital expenditures and renovation to remain competitive. In addition, acquisitions, redevelopments or expansions of hotel properties may require significant capital outlays. We may not be able to fund such capital improvements solely from net cash provided by operations because we must distribute annually at least 90% of our REIT taxable income, determined without regard to the deductions for dividends paid and excluding net capital gains, to qualify and maintain our qualification as a REIT, and we are subject to tax on any retained income and gains. As a result, our ability to fund capital expenditures, acquisitions or hotel redevelopment through retained earnings is very limited. Consequently, we expect to rely heavily upon the availability of debt or equity capital for these purposes. If we are unable to obtain the necessary capital on favorable terms, or at all, our financial condition, liquidity, results of operations and prospects could be materially and adversely affected.

Certain of our loan agreements contain cash trap provisions that may be triggered if the performance of our hotel properties decline, declines. When these provisions are triggered, substantially all of the profit generated by the hotel properties securing such loan is deposited directly into lockbox accounts and then swept into cash management accounts for the benefit of our various lenders. This could affect our liquidity and our ability to make distributions to our stockholders until such time that a cash trap is no longer in effect for such loan. These cash trap provisions have been triggered on some of our one mortgage loans, loan, as discussed above, below. Our loans loan that is in a cash trap may remain subject to the cash trap provisions for a substantial period of time which could limit our flexibility and adversely affect our financial condition or our qualification as a REIT. As of December 31, 2022 December 31, 2023, our \$435 million mortgage loan The Ritz-Carlton Lake Tahoe was in a cash trap, although there was no cash trapped for this mortgage loan.

As of December 31, 2023, the Company held cash and approximately \$298,000 cash equivalents of our \$85.6 million and restricted cash of \$80.9 million, the vast majority of which is comprised of lender and manager-held reserves. As of December 31, 2023, \$17.7 million was subject also due to this the Company from third-party hotel managers, most of which is held by one of the Company's managers and is available to fund hotel operating costs. At December 31, 2023, our net debt to gross assets was 39.7%.

The Company's cash trap and cash equivalents are primarily comprised of corporate cash invested in short-term U.S. Treasury securities with maturity dates of less than 90 days and corporate cash held at commercial banks in Insured Cash Sweep ("ICS") accounts, which are fully insured by the FDIC. The Company's cash and cash equivalents also includes property-level operating cash deposited with commercial banks that have been designated as a Global Systemically Important Bank ("G-SIB") by the Financial Stability Board ("FSB") and a small amount deposited with other commercial banks.

Our estimated future obligations as of December 31, 2022 December 31, 2023 include both current and long-term obligations. With respect to our indebtedness, as discussed in note 6 to our consolidated financial statements, we have current obligations of \$667.0 million \$582.8 million and long-term obligations of \$669.8 million \$590.3 million. As of December 31, 2022 December 31, 2023, we held extension options to extend the principal for all of the debt due in the next twelve months except for \$189.5 million \$219.1 million. Subsequent to December 31, 2023, we extended two mortgage loans. See discussions below in "Debt Transactions."

As discussed in note 17 to our consolidated financial statements, under our operating leases we have current obligations of approximately \$3.4 million and long-term obligations of approximately \$154.6 million \$155.4 million. Additionally, as discussed in note 16 to our consolidated financial statements, we have short-term capital commitments of approximately \$39.4 million \$35.4 million.

## Equity Transactions

On December 7, 2022, our board of directors approved a new stock repurchase program pursuant to which the board of directors granted a repurchase authorization to acquire shares of the Company's common stock, par value \$0.01 per share, having an aggregate value of up to \$25 million. The board of director's directors' authorization replaced any previous repurchase authorizations. During the year ended December 31, 2022 December 31, 2023, we repurchased 1.5 million 3.9 million shares of our common stock for approximately \$6.1 million. Subsequent to December 31, 2022 \$18.9 million. As of December 31, 2023, the Company repurchased approximately 3.9 million shares of its common stock for approximately \$18.9 million. The Company repurchased approximately 5.4 million shares of its common stock for approximately \$25.0 million and has completed the \$25.0 million repurchase authorization.

On November 13, 2019, we filed an initial registration statement with the SEC, as amended on January 24, 2020, for shares of our non-traded Series E Redeemable Preferred Stock (the "Series E Preferred Stock") and our non-traded Series M Redeemable Preferred Stock (the "Series M Preferred Stock"). The registration statement became effective on February 21, 2020, and contemplates the issuance and sale of up to 20,000,000 shares of Series E Preferred Stock or Series M Preferred Stock in a primary offering and up to 8,000,000 shares of Series E Preferred Stock or Series M Preferred Stock pursuant to a dividend reinvestment plan. On February 25, 2020, we filed our prospectus with the SEC. Ashford Securities, a subsidiary of Ashford Inc., serves as the dealer manager and wholesaler of the Series E Preferred Stock and Series M Preferred Stock. On April 2, 2021, the Company filed with the State Department of Assessments and Taxation of the State of Maryland (the "SDAT") articles supplementary to the Company's Articles of Amendment and Restatement that provided for: (i) reclassifying the existing 28,000,000 shares of Series E Preferred Stock and 28,000,000 shares of Series M Preferred Stock as unissued shares of preferred stock; (ii) reclassifying and designating 28,000,000 shares of the Company's authorized capital stock as shares of the Series E Preferred Stock (the "Series E Articles Supplementary"); and (iii) reclassifying and designating 28,000,000 shares of the Company's authorized capital stock as shares of the Series M Preferred Stock (the "Series M Articles Supplementary"). The Series E Articles Supplementary and Series M Articles Supplementary were filed to revise the preferred stock terms related to the dividend rate, our optional redemption right and certain other voting rights. The Company also caused its operating partnership to execute Amendment No. 5 to the Third Amended and Restated Agreement of Limited Partnership to amend the terms of its operating partnership agreement to conform to the terms of the Series E Articles Supplementary and Series M Articles Supplementary. As of March 8, 2023, the Company has issued approximately 16.4 million shares of Series E Preferred Stock and received net proceeds of approximately \$369.5 million and issued approximately 2.0 million shares of Series M Preferred Stock and received net proceeds of approximately \$47.6 million. The Company also issued

approximately 68,000 shares of Series E Preferred Stock and approximately 4,000 shares of Series M Preferred Stock, respectively, pursuant to the dividend reinvestment plan. On February 21, 2023, the Company announced the closing of its offering of the Series E Preferred Stock and Series M Preferred Stock.

On February 4, 2021, the Company entered into a Standby Equity Distribution Agreement (the "SEDA") with YA II PN, Ltd. ("YA"), pursuant to which the Company will be able to sell up to 7,780,786 shares of its common stock (the "Commitment Amount") at the Company's request any time during the commitment period commencing on February 4, 2021, and terminating on the earliest of (i) the first day of the month next following the 36-month anniversary of the SEDA or (ii) the date on which YA shall have made payment of Advances (as defined in the SEDA) pursuant to the SEDA for shares of the Company's common stock equal to the Commitment Amount (the "Commitment Period"). Other than with respect to the Initial Advance (as defined below) the shares sold to YA pursuant to the SEDA would be purchased at 95% of the Market Price (as defined below) and would be subject to certain limitations, including that YA could not purchase any shares that would result in it owning more than 4.99% of the Company's common stock. "Market Price" means the lowest daily VWAP of the Company's common stock during the five consecutive trading days commencing on the trading day following the date the Company submits an advance notice to YA. "VWAP" means, for any trading day, the daily volume weighted average price of the Company's common stock for such date on the principal market as reported by Bloomberg L.P. during regular trading hours.

At any time during the Commitment Period the Company may require YA to purchase shares of the Company's common stock by delivering a written notice to YA setting forth the Advance Shares (as defined in the SEDA) that the Company desires to issue and sell to YA (the "Advance Notice"). The Company may deliver an Advance Notice for an initial Advance for up to 1,200,000 Advance Shares (the "Initial Advance"). The preliminary purchase price per share for such shares shall be 100% of the average daily VWAP for the five consecutive trading days immediately prior to the date of the Advance Notice.

Pursuant to the SEDA, we currently intend to use the net proceeds from any sale of the shares for working capital purposes, including the repayment of outstanding debt. There are no other restrictions on future financing transactions. The SEDA does not contain any right of first refusal, participation rights, penalties or liquidated damages. We are not required to pay any additional amounts to reimburse or otherwise compensate YA in connection with the transaction except for a \$10,000 structuring fee. As of March 8, 2023, the Company has sold approximately 1.7 million shares of common stock and received proceeds of approximately \$10.0 million under the SEDA.

On April 21, 2021, the Company entered into a purchase agreement (the "Lincoln Park Purchase Agreement") with Lincoln Park Capital Fund, LLC ("Lincoln Park"), pursuant to which the Company may issue or sell to Lincoln Park up to 8,893,565 shares of the Company's common stock from time to time during the term of the Lincoln Park Purchase Agreement. The issuance of the shares of common stock pursuant to the Lincoln Park Purchase Agreement has been registered pursuant to the Company's shelf registration statement on Form S-3 (the "Registration Statement"), and the related base prospectus included in the Registration Statement, as supplemented by a prospectus supplement filed with the SEC on April 21, 2021. The Company and Lincoln Park also entered into a registration rights agreement, pursuant to which the Company agreed to maintain the effectiveness of the Registration Statement. Upon entering into the Lincoln Park Purchase Agreement, the Company issued 15,000 shares of the Company's common stock as consideration for Lincoln Park's execution and delivery of the Lincoln Park Purchase Agreement. As of March 8, 2023, the Company has issued approximately 766,000 shares of common stock for gross proceeds of approximately \$4.2 million under the Lincoln Park Purchase Agreement.

On July 12, 2021, the Company entered into an equity distribution agreement (the "Virtu July 2021 EDA") with Virtu to sell from time to time shares of our common stock having an aggregate offering price of up to \$100 million. We will pay Virtu a commission of approximately 1.0% of the gross sales price of the shares of our common stock sold. The Company may also sell some or all of the shares of our common stock to Virtu as principal for its own account at a price agreed upon at the time of sale. As of March 8, 2023, the Company has sold approximately 4.7 million shares of common stock under the Virtu July 2021 EDA and received gross proceeds of approximately \$24.0 million.

#### Debt Transactions

On February 2, 2022, the Company refinanced its mortgage loan secured by the Park Hyatt Beaver Creek Resort & Spa, which had a final maturity date in April 2022. The new, non-recourse mortgage loan totals \$70.5 million and has a two-year initial term with three one-year extension options, subject to the satisfaction of certain conditions. The mortgage loan is interest only and provides for a floating interest rate of SOFR + 2.86%.

On March 11, 2022, in connection with the acquisition of The Ritz-Carlton Reserve Dorado Beach the Company assumed a \$54.0 million mortgage loan. See note 6 to our consolidated financial statements.

On October 27, 2022, the Company amended its \$40.0 million mortgage loan secured by the Bardessono Hotel and Spa. Terms of the agreement replaced the variable interest rate of LIBOR + 2.55% with SOFR + 2.65%.

On October 27, 2022, the Company amended its \$54.0 million mortgage loan secured by the Ritz-Carlton Lake Tahoe. Terms of the agreement replaced the variable interest rate of LIBOR + 2.10% with SOFR + 2.20%.

On September 29, 2022, the Company amended its \$80.0 million mortgage loan secured by the Pier House Resort & Spa. Terms of the agreement replaced the variable interest rate of LIBOR + 1.85% with SOFR + 1.95%.

On December 23, 2022, we entered into a \$100 million mortgage loan, secured by the Four Seasons Resort Scottsdale at Troon North. The mortgage loan has a three-year initial term and two one-year extension options, subject to satisfaction of certain conditions. The mortgage loan is interest only and bears interest at a rate of SOFR + 3.75% with a SOFR floor of 1.00%.

On January 18, 2023, the Company repaid its \$54.0 million mortgage loan secured by The Ritz-Carlton Reserve Dorado Beach, which resulted in a gain on extinguishment of debt of \$2.3 million for the year ended December 31, 2023. The gain was primarily attributable to the premium that was recorded upon the assumption of the mortgage loan when the hotel was acquired.

On June 13, 2023, the Company finalized an extension of its \$435 million mortgage loan secured by four properties: The Notary Hotel, The Clancy, Sofitel Chicago Magnificent Mile, and Marriott Seattle Waterfront. The loan is being extended beyond its original initial maturity in June 2023 for an additional 12 months. In conjunction with the extension, the Company paid down \$142 million of the loan utilizing corporate cash on hand, which reduced the balance to approximately \$293 million. As part of the extension, the Company also purchased an interest rate cap through June 2024 with a strike rate of 4.69%.

Effective June 30, 2023, LIBOR is no longer published. Accordingly all variable interest rate mortgage loans held by the Company that used the LIBOR index transitioned to SOFR beginning on July 1, 2023. Not all lenders will execute loan amendment documents and instead will defer to original loan documents that dictate changes in index rates.

On July 31, 2023, the Company entered into a Credit Agreement (the "Credit Agreement") with Braemar OP (the "Borrower"), the lenders party thereto (the "Lenders") and Bank of America, N.A., as administrative agent and L/C Issuer (as defined in the Credit Agreement). Bank of America, N.A. acted as administrative agent and lead arranger on the transaction. Syndicate bank participants include TBK Bank and MidFirst Bank.

The Credit Agreement, as amended by the First Amendment to Credit Agreement, dated as of February 21, 2024, evidences a \$200 million secured credit facility (the "Facility") comprised of a secured term loan facility of \$150 million (the "Term Loan Facility") and a secured revolving credit facility of \$50 million (the "Revolving Credit Facility"). Upon satisfaction of certain conditions, including the addition of new Borrowing Base Properties (as defined in the Credit Agreement), the Facility may be increased to an amount of not more than \$400 million in the aggregate. The maximum availability under the Facility is determined on a quarterly basis and limited to the lesser of: (i) \$200 million (subject to increase of up to \$400 million in the aggregate); (ii) 55% of the appraised value of all Borrowing Base Properties; and (iii) the DSC Amount (as defined below). The initial Borrowing Base Properties include the Company's Ritz-Carlton Sarasota, Bardessono Hotel and Spa and Hotel Yountville hotel properties (the "Initial Borrowing Base Properties"). The "DSC Amount" means the maximum principal amount that can be supported from the Adjusted NOI (as defined in the Credit Agreement) from the Borrowing Base Properties assuming (i) a 30-year amortization and an interest rate which is the greater of (a) the ten (10) year U.S. Treasury Rate plus 2.50% and (b) 7.50%; and (ii) a minimum debt service coverage of 1.55 to 1.00.

The proceeds of the Term Loan Facility were used to repay the mortgage debt associated with The Ritz-Carlton Sarasota, Bardessono Hotel and Spa and Hotel Yountville, which will serve as the Initial Borrowing Base Properties for the financing. In addition, at closing, the Company drew down approximately \$46 million under the Revolving Credit Facility.

The Facility is a three-year, interest-only facility with all outstanding principal due at maturity, with a one-year extension option, subject to the satisfaction of certain conditions, including the payment of an Extension Fee (as defined in the Credit Agreement) equal to 20 basis points (0.20%) of the outstanding Facility amount.

The Credit Agreement is guaranteed by the Company, the Borrower and certain other eligible subsidiaries of the Company and secured by: (i) perfected lien mortgages or deeds of trust and security interests in the Borrowing Base Properties (as defined in the Credit Agreement); (ii) assignments of leases and rents with respect to the Borrowing Base Properties; (iii) assignments of all management agreements, franchise agreements, licenses and other material agreements relating to the Borrowing Base Properties; (iv) perfected first priority liens on all reserve accounts and all operating accounts related to each Borrowing Base Property; and (v) perfected first priority liens on and security interests in each subsidiary guarantor owning a Borrowing Base Property.

Borrowings under the Credit Agreement will bear interest at Daily SOFR or Term SOFR plus 10 basis points (with a 0% floor) plus the applicable margin. Depending on the Company's Net Debt to EBITDA ratio, the applicable margin for SOFR ranges from 2.25% to 3.00%. Default interest would accrue at the applicable rate plus 2.0%.

The Facility contains customary terms, covenants, negative covenants, events of default, limitations and other conditions for credit facilities of this type. Subject to certain exceptions, the Company and the Borrower are subject to restrictions on incurring additional indebtedness and liens, investments, mergers and fundamental changes, sales or other dispositions of property, dividends and stock redemptions, changes in the nature of the Borrower's business, transactions with affiliates and burdensome agreements.

Financial covenants are generally based on the financial condition and results of operations of the Company and its consolidated subsidiaries and include, among others, the following:

- (i) a Consolidated Leverage Ratio (i.e., Consolidated Net Debt to the Consolidated Total Asset Value) of not more than 55%; and
- (ii) a Consolidated Fixed Charge Coverage Ratio (FCCR) (i.e., the ratio of Consolidated Adjusted EBITDA to Consolidated Fixed Charges) of not less than (i) prior to December 31, 2024, 1.1 to 1.0 and (ii) thereafter, 1.25 to 1.0.

The Credit Agreement includes customary events of default, and the occurrence of an event of default will permit the Lenders to terminate commitments to lend under the Credit Agreement and accelerate payments of all amounts outstanding thereunder.

On September 29, 2023, the Company amended its mortgage loan secured by the Four Seasons Resort Scottsdale. Terms of the amendment included increasing the outstanding principal from \$100 million to \$140 million, and extending the final maturity date by one year to December 2028.

On October 31, 2023, the Company amended its mortgage loan secured by The Ritz-Carlton Lake Tahoe. Terms of the amendment included extending the maturity date by one year to January 2025, with a one-year extension option, amending the interest rate to SOFR + 3.60% and making a pay down of \$587,000.

On December 22, 2023, the Company entered into a \$110.6 million mortgage loan with Aareal Capital Corporation that is secured by the Capital Hilton in Washington, D.C. This mortgage loan has an initial maturity date of December 2026 with two one-year extension options, subject to the satisfaction of certain conditions and bears interest at a floating interest rate of SOFR + 3.75%.

On January 3, 2024, the Company extended the mortgage loan secured by the Pier House Resort & Spa in Key West, Florida. The mortgage loan has an initial maturity date of September 2025 with one one-year extension option, subject to the satisfaction of certain conditions, continues to have a balance of \$80.0 million, and bears interest at a floating interest rate of SOFR + 3.60%.

On January 29, 2024, the Company extended the mortgage loan secured by The Ritz-Carlton St. Thomas in St. Thomas, USVI. The mortgage loan has an initial maturity date of August 2025 with one one-year extension option, subject to the satisfaction of certain conditions, continues to have a balance of \$42.5 million, and bears interest at a floating interest rate of SOFR + 4.35%.

On February 5, 2024, the Company amended the mortgage loan secured by the Hilton La Jolla Torrey Pines. It remains encumbered by the original mortgage loan, which now has been partially paid down to a remaining balance of \$66.6 million. While the Company considers its alternatives regarding refinancing the loan or potentially selling the asset, the lender has provided a six month forbearance agreement. During this time, the mortgage loan bears an annual fixed interest rate of 9.0%.

On March 7, 2024, the Company closed on a \$62.0 million non-recourse loan secured by the Ritz-Carlton Reserve Dorado Beach. The mortgage loan has a two-year term, is interest only and provides for a floating interest rate of SOFR + 4.75%.

#### Sources and Uses of Cash

We had approximately \$261.5 million \$85.6 million and \$216.0 million \$261.5 million of cash and cash equivalents at December 31, 2022 December 31, 2023 and December 31, 2021 December 31, 2022, respectively.



We anticipate using funds to pay for capital expenditures for our 16 hotel properties, estimated to be approximately \$80.0 million \$90 to \$100 million in fiscal year 2023 2024 and debt interest payments, estimated to be approximately \$80.8 million \$89.6 million in 2023 2024 based on future payments using the one month LIBOR/SOFR rate as of December 31, 2022 December 31, 2023. This estimate will fluctuate based on changes in the one-month LIBOR/SOFR rate and any future changes in outstanding indebtedness.

**Net Cash Flows Provided by (Used in) Operating Activities.** Net cash flows provided by operating activities were \$109.5 million \$84.7 million and \$64.0 million \$109.5 million for the twelve months years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively. Cash flows from operations were impacted by changes in hotel operations of our 13 14 comparable hotel properties, as well as the acquisitions of the Mr. C Beverly Hills Hotel on August 5, 2021, The Ritz-Carlton Reserve Dorado Beach, acquired on March 11, 2022, and the Four Seasons Resort Scottsdale, acquired on December 1, 2022. Cash flows from operations are also impacted by the timing of working capital cash flows, such as collecting receivables from hotel guests, paying vendors, settling with derivative counterparties, settling with related parties and settling with hotel managers.

**Net Cash Flows Provided by (Used in) Investing Activities.** For the year ended December 31, 2023, net cash flows used in investing activities were \$77.1 million. These cash outflows were primarily attributable to \$77.1 million of capital improvements made to various hotel properties and a \$238,000 loan to OpenKey partially offset by cash inflows of \$361,000 related to proceeds from property insurance. Our capital improvements consisted of approximately \$54.6 million of return on investment capital projects and approximately \$22.6 million of renewal and replacement capital projects.

For the year ended December 31, 2022, net cash flows used in investing activities were \$402.2 million. These cash outflows were primarily attributable to \$49.1 million of capital improvements made to various hotel properties, approximately \$354.4 million associated with the acquisition acquisitions of The Ritz-Carlton Reserve Dorado Beach and the Four Seasons Resort Scottsdale and additional investments in OpenKey of \$328,000, partially offset by cash inflows of \$1.7 million associated with an amendment to a hotel management agreement.

Our capital improvements consisted of approximately \$28.0 million of return on investment capital projects and approximately \$21.2 million of renewal and replacement capital projects.

Return on investment capital projects are designed to improve the positioning of our hotel properties within their markets and competitive sets. Renewal and replacement capital projects are designed to maintain the quality and competitiveness of our hotels.

**Net Cash Flows Provided by (Used in) Financing Activities.** For the year ended December 31, 2021 December 31, 2023, net cash flows used in investing financing activities were \$41.7 million \$156.8 million. Cash outflows primarily consisted of repayments of indebtedness of \$534.3 million, \$52.6 million of dividend and distribution payments, \$19.3 million of payments to repurchase common stock, payments of \$7.2 million for the redemption of operating partnership units, \$5.1 million to purchase interest rate caps, \$2.7 million of distributions to a noncontrolling interest in consolidated entities, \$11.6 million payments of loan costs and exit fees, and \$9.8 million for cash redemptions of Series E and Series M preferred stock. These cash outflows were primarily attributable to \$25.6 million of capital improvements made to various hotel properties, approximately \$17.6 million associated with the acquisition of the Mr. C Beverly Hills Hotel and earnest money associated with the acquisition of The Ritz-Carlton Reserve Dorado Beach, partially offset by proceeds cash inflows of \$1.8 million \$370.6 million from borrowings on indebtedness, \$97.9 million from the sale issuance of certain ERFP assets to Ashford Inc. Our capital improvements consisted preferred stock, \$9.5 million of approximately \$12.8 million contributions from a noncontrolling interest in consolidated entities and \$7.7 million of return on investment capital projects and approximately \$12.9 million of renewal and replacement capital projects, proceeds from in-the-money interest rate caps.

**Net Cash Flows Provided by Financing Activities.** For the year ended December 31, 2022, net cash flows provided by financing activities were \$345.1 million. Cash inflows primarily consisted of debt borrowings of \$170.5 million, \$278.6 million from the issuance of preferred stock and \$167,000 of proceeds from in-the-money interest rate caps. The cash inflows were partially offset by repayments of indebtedness of \$68.5 million, \$20.8 million of dividend and distribution payments, \$7.4 million related to payments for stock repurchases, \$4.1 million of payments for loan costs and fees, \$3.0 million of payments for derivatives, and \$499,000 for cash redemptions of Series E and Series M preferred stock.

For the year ended December 31, 2021, net cash flows provided by financing activities were \$128.0 million. Cash inflows primarily consisted of net proceeds of \$83.2 million from the issuance of our Convertible Senior Notes, \$102.5 million from the issuance of common stock, \$36.9 million from the issuance of preferred stock and contributions of \$1.2 million from a noncontrolling interest in consolidated entities. The cash inflows were partially offset by repayments of indebtedness of \$84.2 million, \$9.1 million of dividend and distribution payments and \$1.9 million of payments for loan costs and fees.

## Inflation

We rely entirely on the performance of our properties and the ability of the properties' managers to increase revenues to keep pace with inflation. Hotel operators can generally increase room rates rather quickly, but competitive pressures may limit their ability to raise rates faster than inflation. Our general and administrative costs, real estate and personal property taxes, property and casualty insurance, and utilities are subject to inflation as well.

## Critical Accounting Policies and Estimates

Our accounting policies are fully described in note 2 to our consolidated financial statements included in "Item 8. Financial Statements and Supplementary Data." We believe that the following discussion addresses our most critical accounting policies, representing those policies considered most vital to the portrayal of our financial condition and results of operations and require management's most difficult, subjective, complex judgments and can include significant estimates.

**Impairment of Investments in Hotel Properties.** Hotel properties are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Recoverability of the hotel is measured by comparison of the carrying amount of the hotel to the estimated future undiscounted cash flows, which take into account current market conditions and our intent with respect to holding or disposing of the hotel. If our analysis indicates that the carrying value of the hotel is not recoverable on an undiscounted cash flow basis, we recognize an impairment charge for the amount by which the property's net book value exceeds its estimated fair value, or fair value, less cost to sell. In evaluating the impairment of hotel properties, we make many assumptions and estimates, including projected cash flows, expected holding period and expected useful life. Fair value is determined through various valuation techniques, including internally developed discounted cash flow models, comparable market transactions and third-party appraisals, where considered necessary. Asset write-downs resulting from property damage are recorded up to the amount of the allocable property insurance

deductible in the period that the property damage occurs. There ~~was~~ were no impairment ~~charge~~ charges recorded for the years ended ~~December 31, 2022~~ December 31, 2023, ~~2021~~ 2022 and ~~2020~~, 2021.

**Income Taxes.** At ~~December 31, 2022~~ December 31, 2023 and ~~2021~~, 2022, we had a valuation allowance of approximately ~~\$18.6 million~~ \$16.2 million and ~~\$17.3 million~~ \$18.6 million, respectively, to partially reserve our deferred tax assets of our TRSs. At each reporting date, we evaluate whether it is more likely than not that we will utilize all or a portion of our deferred tax assets. We consider all available positive and negative evidence, including historical results of operations, projected future taxable income, carryback potential and scheduled

reversals of deferred tax liabilities. In evaluating the objective evidence that historical results provide, we consider three years of consolidated cumulative operating income (loss). At ~~December 31, 2022~~ December 31, 2023, we had TRS net operating loss carry forwards for U.S. federal income tax purposes of ~~\$68.5 million~~ \$63.6 million, of which ~~\$50.7 million~~ \$47.3 million is subject to expiration and ~~will begin to expire~~ began expiring in ~~2023~~, 2024. The remainder was generated after December 31, 2017 and is not subject to expiration under the Tax Cuts and Jobs Act. The loss carry forwards subject to expiration may be available to offset future taxable income, if any, for ~~2023~~ 2024 through 2034, with

the remainder available to offset taxable income beyond 2034; however, there could be substantial limitations on their use imposed by the Code. ~~Management determined that it is more likely than not that \$16.2 million of our net deferred tax assets will not be realized and a valuation allowance has been recorded accordingly.~~ At ~~December 31, 2022~~ December 31, 2023, Braemar Hotels & Resorts Inc., our REIT, had net operating loss carryforwards for U.S. federal income tax purposes of \$109.7 million based on the latest filed tax return. Of this amount, \$2.2 million is subject to expiration in ~~in~~ 2033. The remainder is not subject to expiration under the Tax Cuts and Jobs Act. ~~Management determined that it is more likely than not that \$18.6 million of our net deferred tax assets will not be realized and a valuation allowance has been recorded accordingly.~~

The "Income Taxes" Topic of the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") addresses the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. The guidance requires us to determine whether tax positions we have taken or expect to take in a tax return are more likely than not to be sustained upon examination by the appropriate taxing authority based on the technical merits of the positions. Tax positions that do not meet the more likely than not threshold would be recorded as additional tax expense in the current period. We analyze all open tax years, as defined by the statute of limitations for each jurisdiction, which includes the federal jurisdiction and various states. We classify interest and penalties related to underpayment of income taxes as income tax expense. We and our subsidiaries file income tax returns in the U.S. federal jurisdiction and various states and cities. Tax years ~~2018~~ 2019 through ~~2022~~ 2023 remain subject to potential examination by certain federal and state taxing authorities.

#### Recently Adopted Accounting Standards

In August 2020, the FASB issued ASU 2020-06, Debt - Debt with Conversion and Other Options (Subtopic 470- 20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity ("ASU 2020-06"), which simplifies the accounting for certain financial instruments with characteristics of liabilities and equity. This ASU (1) simplifies the accounting for convertible debt instruments and convertible preferred stock by removing the existing guidance in ASC 470-20, Debt: Debt with Conversion and Other Options, that requires entities to account for beneficial conversion features and cash conversion features in equity, separately from the host convertible debt or preferred stock; (2) revises the scope exception from derivative accounting in ASC 815-40 for freestanding financial instruments and embedded features that are both indexed to the issuer's own stock and classified in stockholders' equity, by removing certain criteria required for equity classification; and (3) revises the guidance in ASC 260, Earnings Per Share, to require entities to calculate diluted earnings per share (EPS) for convertible instruments by using the if-converted method. In addition, entities must presume share settlement for purposes of calculating diluted EPS when an instrument may be settled in cash or shares. For SEC filers, excluding smaller reporting companies, this ASU is effective for fiscal years beginning after December 15, 2021 including interim periods within those fiscal years. Entities should adopt the guidance as of the beginning of the fiscal year of adoption and cannot adopt the guidance in an interim reporting period.

We adopted ASU 2020-06 through the modified retrospective method on January 1, 2022. Upon adoption, our Convertible Senior Notes are recorded as a single debt instrument at amortized cost, instead of being recorded as both a liability and equity. The Company ceased recording non-cash interest expense associated with amortization of the debt discount associated with the conversion features. The adoption of ASU 2020-06 resulted in an adjustment to additional paid-in capital, accumulated deficit, and the carrying value of our Convertible Senior Notes. The impact of adopting ASU 2020-06 includes an increase to "indebtedness, net" and a decrease to stockholders' equity of approximately \$5.6 million. The adoption of this standard did not have a material impact on our consolidated financial statements, beyond the impact to our Convertible Senior Notes described above.

The impact of adoption on our consolidated statement of operations for the year ended December 31, 2022 resulted in a decrease to net interest expense by approximately \$1.1 million relating to the non-cash interest expense associated with amortization of the debt discount. The impact on basic and diluted net loss per share of common stock attributable to common stockholders for the year ended December 31, 2022 was \$(0.02).

In March 2020, the ~~FASB~~ Financial Accounting Standards Board ("FASB") issued ~~ASU~~ Accounting Standards Update ("ASU") 2020-04, *Reference Rate Reform (Topic 848)* ~~848(")~~ ("ASU 2020-04"), which provides optional guidance through December 31, 2022 to ease the potential burden in accounting for, or recognizing the effects of, reference rate reform on financial reporting. In January 2021, the FASB issued ~~ASU 2021-01~~, *Reference Rate Reform (Topic 848)*, ~~Scope~~, which further clarified the scope of the reference rate reform optional practical expedients and exceptions outlined in Topic 848. The amendments in ASU Nos. 2020-04 and 2021-01 apply to contract modifications that replace a reference rate affected by reference rate reform, providing optional expedients regarding the measurement of hedge effectiveness in hedging relationships that have been modified to replace a reference rate. In December 2022, the FASB issued ASU 2022-06, *Reference Rate Reform (Topic 848)* ("ASU 2022-06"), which deferred the sunset date of Topic 848 from December 31, 2022 to December 31, 2024. The Company applied the optional expedient in evaluating debt modifications converting from ~~LIBOR~~ London Interbank Offered Rate ("LIBOR") to ~~SOFR~~. Secured Overnight Financing Rate ("SOFR"). The Company adopted the standards upon the respective effective dates. There was no material impact as a result of this adoption.

#### Recently Issued Accounting Standards

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which expands annual and interim disclosure requirements for reportable segments, primarily through enhanced disclosures about significant segment expenses. ASU 2023-07 is effective for our annual periods



beginning January 1, 2024, and for interim periods beginning January 1, 2025, with early adoption permitted. We are currently evaluating the impact that ASU 2023-07 will have on our financial statement disclosures.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which eliminated the historic requirement that entities disclose information concerning unrecognized tax benefits having a reasonable possibility of significantly increasing or decreasing in the 12 months following the reporting date. For public business entities, the amendments in this Update are effective for annual periods beginning after December 15, 2024. For entities other than public business entities, the amendments are effective for annual periods beginning after December 15, 2025. Early adoption is permitted. We are currently evaluating the impact that ASU 2023-09 will have on our consolidated financial statements and related disclosures.

## Non-GAAP Financial Measures

The following non-GAAP presentations of EBITDA, EBITDAre, Adjusted EBITDAre, FFO and Adjusted FFO are presented to help our investors evaluate our operating performance.

EBITDA is defined as net income (loss) before interest expense and amortization of loan costs, depreciation and amortization, income taxes, equity in (earnings) loss of unconsolidated entity and after the Company's portion of EBITDA of OpenKey. In addition, we **excluded exclude** impairment on real estate, (gain) loss on insurance settlement and disposition of assets and Company's portion of EBITDAre of OpenKey from EBITDA to calculate EBITDA for real estate, or EBITDAre, as defined by NAREIT.

We then further adjust EBITDAre to exclude certain additional items such as amortization of favorable (unfavorable) contract assets (liabilities), transaction and conversion costs, **other income/expense**, write-off of loan costs and exit fees, gain/

loss on insurance settlements, **legal**, advisory and settlement costs, advisory services incentive fee, **other/income expense**, **gain/loss on extinguishment of debt**, stock/unit-based compensation and the Company's portion of adjustments to EBITDAre of OpenKey and non-cash items such as unrealized gain/ loss on derivatives.

We present EBITDA, EBITDAre and Adjusted EBITDAre because we believe they are useful to an investor in evaluating our operating performance because **it provides they provide** investors with an indication of our ability to incur and service debt, to satisfy general operating expenses, to make capital expenditures and to fund other cash needs or reinvest cash into our business. We also believe **it helps they help** investors meaningfully evaluate and compare the results of our operations from period to period by removing the effect of our asset base (primarily depreciation and amortization) from our operating results. Our management team also uses EBITDA as one measure in determining the value of acquisitions and dispositions. EBITDA, EBITDAre and Adjusted EBITDAre as calculated by us may not be comparable to EBITDA, EBITDAre and Adjusted EBITDAre reported by other companies that do not define EBITDA, EBITDAre and Adjusted EBITDAre exactly as we define the terms. EBITDA, EBITDAre and Adjusted EBITDAre do not represent cash generated from operating activities determined in accordance with GAAP, and should not be considered as an alternative to operating income or net income determined in accordance with GAAP as an indicator of performance or as an alternative to cash flows from operating activities as determined by GAAP as an indicator of liquidity.

The following table reconciles net income (loss) to EBITDA, EBITDAre and Adjusted EBITDAre (in thousands) (unaudited):

|                                                    |                                                    | Year Ended December 31, |               |                 |
|----------------------------------------------------|----------------------------------------------------|-------------------------|---------------|-----------------|
|                                                    |                                                    | 2022                    | 2021          | 2020            |
|                                                    |                                                    | Year Ended December 31, |               |                 |
|                                                    |                                                    | Year Ended December 31, |               |                 |
|                                                    |                                                    | Year Ended December 31, |               |                 |
|                                                    |                                                    | 2023                    | 2023          | 2022            |
|                                                    |                                                    | 2022                    | 2021          | 2020            |
| Net income (loss)                                  | Net income (loss)                                  | \$ 19,348               | \$(32,911)    | \$(124,677)     |
| Interest expense and amortization of loan costs    | Interest expense and amortization of loan costs    | 52,166                  | 30,901        | 45,104          |
| Depreciation and amortization                      | Depreciation and amortization                      | 78,122                  | 73,762        | 73,371          |
| Income tax expense (benefit)                       | Income tax expense (benefit)                       | 4,043                   | 1,324         | (4,406)         |
| Equity in (earnings) loss of unconsolidated entity | Equity in (earnings) loss of unconsolidated entity | 328                     | 252           | 217             |
| Company's portion of EBITDA of OpenKey             | Company's portion of EBITDA of OpenKey             | (334)                   | (250)         | (214)           |
| <b>EBITDA</b>                                      | <b>EBITDA</b>                                      | <b>153,673</b>          | <b>73,078</b> | <b>(10,605)</b> |

|                                                                       |                                                                       |         |        |          |
|-----------------------------------------------------------------------|-----------------------------------------------------------------------|---------|--------|----------|
| (Gain) loss on insurance settlement and disposition of assets         | (Gain) loss on insurance settlement and disposition of assets         | —       | (696)  | (10,149) |
| (Gain) loss on insurance settlement and disposition of assets         |                                                                       |         |        |          |
| (Gain) loss on insurance settlement and disposition of assets         |                                                                       |         |        |          |
| <b>EBITDAre</b>                                                       |                                                                       |         |        |          |
| <b>EBITDAre</b>                                                       |                                                                       |         |        |          |
| <b>EBITDAre</b>                                                       | <b>EBITDAre</b>                                                       | 153,673 | 72,382 | (20,754) |
| Amortization of favorable (unfavorable) contract assets (liabilities) | Amortization of favorable (unfavorable) contract assets (liabilities) | 463     | 512    | 834      |
| Transaction and conversion costs                                      | Transaction and conversion costs                                      | 9,679   | 2,637  | 1,370    |
| Other (income) expense                                                |                                                                       | (497)   | —      | 5,126    |
| Write-off of loan costs and exit fees                                 |                                                                       | 146     | 1,963  | 3,920    |
| (Gain) loss on insurance settlements                                  |                                                                       | (55)    | —      | —        |
| Unrealized (gain) loss on derivatives                                 |                                                                       | (4,464) | (32)   | (4,959)  |
| Write-off of premiums, loan costs and exit fees                       |                                                                       |         |        |          |
| Realized and unrealized (gain) loss on derivatives                    |                                                                       |         |        |          |
| Stock/unit-based compensation                                         | Stock/unit-based compensation                                         | 11,285  | 10,204 | 7,892    |
| Legal, advisory and settlement costs                                  | Legal, advisory and settlement costs                                  | 2,170   | (208)  | 2,023    |
| (Gain) loss on extinguishment of debt                                 |                                                                       |         |        |          |
| (Gain) loss on extinguishment of debt                                 |                                                                       |         |        |          |
| (Gain) loss on extinguishment of debt                                 |                                                                       |         |        |          |
| Other (income) expense                                                |                                                                       |         |        |          |
| (Gain) loss on insurance settlements                                  |                                                                       |         |        |          |

|                                                       |                                                       |           |           |            |
|-------------------------------------------------------|-------------------------------------------------------|-----------|-----------|------------|
| Company's portion of adjustments to EBITDA of OpenKey | Company's portion of adjustments to EBITDA of OpenKey | 8         | 7         | 13         |
| Company's portion of adjustments to EBITDA of OpenKey |                                                       |           |           |            |
| Company's portion of adjustments to EBITDA of OpenKey |                                                       |           |           |            |
| Adjusted EBITDA                                       | Adjusted EBITDA                                       | \$172,408 | \$ 87,465 | \$ (4,535) |

The following table reconciles net income (loss) to EBITDA attributable to the Company and OP unitholders on a property-by-property basis for each of our hotel properties owned and on a corporate basis during the year ended December 31, 2023 (in thousands) (unaudited):

|                                                                               | Year Ended December 31, 2023 |           |             |           |          |            |          |          |           |           |            |            |             |            |                                |          |             |                          |              |
|-------------------------------------------------------------------------------|------------------------------|-----------|-------------|-----------|----------|------------|----------|----------|-----------|-----------|------------|------------|-------------|------------|--------------------------------|----------|-------------|--------------------------|--------------|
|                                                                               | Park Hyatt                   |           |             |           |          |            |          |          |           |           |            |            |             |            |                                |          |             |                          |              |
|                                                                               | Hilton La                    | Sofitel   | Pier        |           |          | Beaver     |          |          | The Ritz- |           |            | The Ritz-  |             |            | The Ritz-                      |          |             |                          |              |
|                                                                               | Jolla                        | Chicago   | Bardessono  | House     |          | Creek      | The      |          | The Ritz- | Carlton   | Marriott   | The Ritz-  | Cameo       | Carlton    | Four Seasons Resort Scottsdale |          | Corporate / | Braemar                  |              |
|                                                                               | Capital                      | Torrey    | Magnificent | Hotel and | Resort & | Hotel      | Resort & | Notary   | The       | Carlton   | Lake       | Seattle    | Carlton St. | Beverly    | Dorado                         |          |             | Hotels &                 |              |
|                                                                               | Hilton                       | Pines     | Mile        | Spa       | Spa      | Yountville | Spa      | Hotel    | Clancy    | Sarasota  | Tahoe      | Waterfront | Thomas      | Hills      | Beach                          |          | Hotel Total | Allocated <sup>(1)</sup> | Resorts Inc. |
| Net income (loss)                                                             | \$ 4,934                     | \$ 12,836 | \$ 3,392    | \$ 1,428  | \$ 6,799 | \$ 871     | \$ 1,088 | \$ 2,071 | \$ (462)  | \$ 11,171 | \$ (4,690) | \$ 5,471   | \$ 8,322    | \$ (4,222) | \$ 13,480                      | \$ 1,138 | \$ 63,627   | \$ (94,255)              | \$ (30,628)  |
| Non-property adjustments <sup>(2)</sup>                                       | —                            | —         | —           | —         | —        | —          | —        | —        | —         | —         | 249        | —          | —           | (292)      | —                              | 495      | 452         | (452)                    | —            |
| Interest income                                                               | (237)                        | (346)     | —           | —         | —        | —          | —        | (41)     | (137)     | (235)     | 128        | (73)       | (44)        | —          | —                              | (140)    | (1,125)     | 1,125                    | —            |
| Interest expense                                                              | —                            | —         | —           | 1,756     | 5,555    | 2,263      | 5,639    | —        | —         | 5,096     | 4,002      | 80         | 3,892       | 2,688      | 281                            | 10,046   | 41,298      | 49,538                   | 90,836       |
| Amortization of loan costs                                                    | —                            | —         | —           | —         | 321      | 24         | 809      | —        | —         | 95        | 183        | —          | 63          | 176        | —                              | 711      | 2,382       | 1,001                    | 3,383        |
| Depreciation and amortization                                                 | 9,859                        | 4,176     | 4,697       | 2,328     | 2,290    | 1,643      | 4,624    | 8,062    | 9,785     | 6,155     | 5,243      | 7,252      | 8,672       | 2,251      | 6,609                          | 9,626    | 93,272      | —                        | 93,272       |
| Income tax expense (benefit)                                                  | 126                          | 173       | —           | —         | —        | —          | —        | 10       | —         | —         | —          | —          | 1,662       | —          | 476                            | —        | 2,447       | 242                      | 2,689        |
| Non-hotel EBITDA ownership expense (income)                                   | 745                          | 450       | 94          | 555       | 46       | 114        | 113      | 215      | 90        | 99        | 967        | 86         | 61          | 386        | 78                             | (13)     | 4,086       | (4,086)                  | —            |
| Hotel EBITDA including amounts attributable to noncontrolling interest        | 15,427                       | 17,289    | 8,183       | 6,067     | 15,011   | 4,915      | 12,273   | 10,317   | 9,276     | 22,381    | 6,082      | 12,816     | 22,628      | 987        | 20,924                         | 21,863   | 206,439     | (46,887)                 | 159,552      |
| Less: EBITDA adjustments attributable to consolidated noncontrolling interest | (3,857)                      | (4,322)   | —           | —         | —        | —          | —        | —        | —         | —         | —          | —          | —           | —          | —                              | —        | (8,179)     | 8,179                    | —            |
| Equity in earnings (loss) of unconsolidated entities                          | —                            | —         | —           | —         | —        | —          | —        | —        | —         | —         | —          | —          | —           | —          | —                              | —        | —           | 253                      | 253          |
| Company's portion of EBITDA of OpenKey                                        | —                            | —         | —           | —         | —        | —          | —        | —        | —         | —         | —          | —          | —           | —          | —                              | —        | —           | (274)                    | (274)        |
| Hotel EBITDA attributable to the Company and OP unitholders                   | 11,570                       | 12,967    | 8,183       | 6,067     | 15,011   | 4,915      | 12,273   | 10,317   | 9,276     | 22,381    | 6,082      | 12,816     | 22,628      | 987        | 20,924                         | 21,863   | 198,260     | (38,729)                 | 159,531      |

(1) Represents expenses not recorded at the individual hotel property level.

(2) Includes allocated amounts which were not specific to hotel properties, such as gain on sale of hotel property, corporate taxes, insurance and legal expenses.

The following table reconciles net income (loss) to EBITDA attributable to the Company and OP unitholders on a property-by-property basis for each of our hotel properties owned and on a corporate basis during the year ended December 31, 2022. The results of The Ritz-Carlton Reserve Dorado Beach and Four Seasons Resort Scottsdale are included from its acquisition date through December 31, 2022 (in thousands) (unaudited):

|                            |                            | Year Ended December 31, 2022 |          |             |           |          |            |           |         |           |          |          |            |          |           |          |            |           |                          |           |
|----------------------------|----------------------------|------------------------------|----------|-------------|-----------|----------|------------|-----------|---------|-----------|----------|----------|------------|----------|-----------|----------|------------|-----------|--------------------------|-----------|
|                            |                            | Park                         |          |             |           |          |            |           |         |           |          |          |            |          |           |          |            |           |                          |           |
|                            |                            | Hilton                       |          | Sofitel     | Pier      |          | Beaver     |           | The     |           | The      |          | The        |          | Four      |          | Braemar    |           |                          |           |
|                            |                            | La Jolla                     | Chicago  | Bardessono  | House     | Creek    | The        | The Ritz- | Carlton | Marriott  | Carlton  | Beverly  | Carlton    | seasons  | Corporate | Hotels & |            |           |                          |           |
|                            |                            | Capital                      | Torrey   | Magnificent | Hotel and | Resort   | Hotel      | Resort    | Notary  | The       | Carlton  | Lake     | Seattle    | St.      | Hills     | Dorado   | Resort     | Hotel     | /                        | Resorts   |
|                            |                            | Hilton                       | Pines    | Mile        | Spa       | & Spa    | Yountville | & Spa     | Hotel   | Clancy    | Sarasota | Tahoe    | Waterfront | Thomas   | Hotel     | Beach    | Scottsdale | Total     | Allocated <sup>(1)</sup> | Inc.      |
|                            |                            | Year Ended December 31, 2022 |          |             |           |          |            |           |         |           |          |          |            |          |           |          |            |           |                          |           |
|                            |                            | Hilton                       |          |             |           |          |            |           |         |           |          |          |            |          |           |          |            |           |                          |           |
|                            |                            | La                           | Sofitel  |             |           |          |            |           |         |           |          |          |            |          |           |          |            |           |                          |           |
|                            |                            | Jolla                        | Chicago  | Bardessono  |           |          |            |           |         |           |          |          |            |          |           |          |            |           |                          |           |
|                            |                            | Capital                      | Torrey   | Magnificent | Hotel and |          |            |           |         |           |          |          |            |          |           |          |            |           |                          |           |
|                            |                            | Hilton                       | Pines    | Mile        | Spa       |          |            |           |         |           |          |          |            |          |           |          |            |           |                          |           |
| Net income                 | Net income                 |                              |          |             |           |          |            |           |         |           |          |          |            |          |           |          |            |           |                          |           |
| (loss)                     | (loss)                     | \$1,125                      | \$13,162 | \$ 2,226    | \$ 4,488  | \$12,377 | \$ 2,547   | \$ 5,668  | \$(505) | \$(2,872) | \$17,641 | \$ 5,020 | \$ 3,790   | \$18,920 | \$(1,390) | \$ 7,583 | \$ 933     | \$ 90,713 | \$(71,365)               | \$ 19,348 |
| Non-property               | Non-property               |                              |          |             |           |          |            |           |         |           |          |          |            |          |           |          |            |           |                          |           |
| adjustments <sup>(2)</sup> | adjustments <sup>(2)</sup> | —                            | —        | —           | —         | —        | —          | 76        | (16)    | —         | —        | —        | —          | (40)     | —         | —        | —          | 20        | (20)                     | —         |
| Interest                   | Interest                   |                              |          |             |           |          |            |           |         |           |          |          |            |          |           |          |            |           |                          |           |
| income                     | income                     | (55)                         | (73)     | —           | —         | —        | —          | —         | (5)     | (24)      | (52)     | —        | (12)       | (8)      | —         | —        | (4)        | (233)     | 233                      | —         |
| Interest                   | Interest                   |                              |          |             |           |          |            |           |         |           |          |          |            |          |           |          |            |           |                          |           |
| expense                    | expense                    | —                            | —        | —           | 1,674     | 2,802    | 2,165      | 3,228     | —       | —         | 4,919    | 2,017    | 26         | 2,557    | 1,822     | 1,747    | —          | 22,957    | 26,753                   | 49,710    |
| Amortization of            | Amortization of            |                              |          |             |           |          |            |           |         |           |          |          |            |          |           |          |            |           |                          |           |
| loan costs                 | loan costs                 | —                            | —        | —           | 135       | 307      | 102        | 713       | —       | —         | 370      | 150      | —          | 43       | 167       | —        | —          | 1,987     | 469                      | 2,456     |
| Depreciation               | Depreciation               |                              |          |             |           |          |            |           |         |           |          |          |            |          |           |          |            |           |                          |           |
| and                        | and                        |                              |          |             |           |          |            |           |         |           |          |          |            |          |           |          |            |           |                          |           |
| amortization               | amortization               | 7,420                        | 4,118    | 5,975       | 2,371     | 2,611    | 2,046      | 3,932     | 8,028   | 11,226    | 5,326    | 3,234    | 5,406      | 8,072    | 2,452     | 5,124    | 781        | 78,122    | —                        | 78,122    |
| Income tax                 | Income tax                 |                              |          |             |           |          |            |           |         |           |          |          |            |          |           |          |            |           |                          |           |
| expense                    | expense                    |                              |          |             |           |          |            |           |         |           |          |          |            |          |           |          |            |           |                          |           |
| (benefit)                  | (benefit)                  | —                            | —        | —           | —         | —        | —          | —         | 19      | —         | —        | —        | —          | 415      | —         | 333      | —          | 767       | 3,276                    | 4,043     |
| Non-hotel                  | Non-hotel                  |                              |          |             |           |          |            |           |         |           |          |          |            |          |           |          |            |           |                          |           |
| EBITDA                     | EBITDA                     |                              |          |             |           |          |            |           |         |           |          |          |            |          |           |          |            |           |                          |           |
| ownership                  | ownership                  |                              |          |             |           |          |            |           |         |           |          |          |            |          |           |          |            |           |                          |           |
| expense                    | expense                    |                              |          |             |           |          |            |           |         |           |          |          |            |          |           |          |            |           |                          |           |
| (income)                   | (income)                   | 1,684                        | 121      | 87          | 459       | 18       | 98         | 3         | 152     | 24        | 2,173    | 962      | 7          | 178      | 106       | 100      | —          | 6,172     | (6,172)                  | —         |
| Hotel EBITDA               | Hotel EBITDA               |                              |          |             |           |          |            |           |         |           |          |          |            |          |           |          |            |           |                          |           |
| including                  | including                  |                              |          |             |           |          |            |           |         |           |          |          |            |          |           |          |            |           |                          |           |
| amounts                    | amounts                    |                              |          |             |           |          |            |           |         |           |          |          |            |          |           |          |            |           |                          |           |
| attributable to            | attributable to            |                              |          |             |           |          |            |           |         |           |          |          |            |          |           |          |            |           |                          |           |
| noncontrolling             | noncontrolling             |                              |          |             |           |          |            |           |         |           |          |          |            |          |           |          |            |           |                          |           |
| interest                   | interest                   | 10,174                       | 17,328   | 8,288       | 9,127     | 18,115   | 6,958      | 13,620    | 7,673   | 8,354     | 30,377   | 11,383   | 9,217      | 30,137   | 3,157     | 14,887   | 1,710      | 200,505   | (46,826)                 | 153,679   |
| Less: EBITDA               | Less: EBITDA               |                              |          |             |           |          |            |           |         |           |          |          |            |          |           |          |            |           |                          |           |
| adjustments                | adjustments                |                              |          |             |           |          |            |           |         |           |          |          |            |          |           |          |            |           |                          |           |
| attributable to            | attributable to            |                              |          |             |           |          |            |           |         |           |          |          |            |          |           |          |            |           |                          |           |
| consolidated               | consolidated               |                              |          |             |           |          |            |           |         |           |          |          |            |          |           |          |            |           |                          |           |
| noncontrolling             | noncontrolling             |                              |          |             |           |          |            |           |         |           |          |          |            |          |           |          |            |           |                          |           |
| interest                   | interest                   | (2,543)                      | (4,333)  | —           | —         | —        | —          | —         | —       | —         | —        | —        | —          | —        | —         | —        | —          | (6,876)   | 6,876                    | —         |

|                                                             |                                                             |         |          |         |         |          |         |          |         |         |          |          |         |          |         |          |         |           |             |           |
|-------------------------------------------------------------|-------------------------------------------------------------|---------|----------|---------|---------|----------|---------|----------|---------|---------|----------|----------|---------|----------|---------|----------|---------|-----------|-------------|-----------|
| Equity in earnings (loss) of unconsolidated entities        | Equity in earnings (loss) of unconsolidated entities        | —       | —        | —       | —       | —        | —       | —        | —       | —       | —        | —        | —       | —        | —       | —        | —       | —         | 328         | 328       |
| Company's portion of EBITDA of OpenKey                      | Company's portion of EBITDA of OpenKey                      | —       | —        | —       | —       | —        | —       | —        | —       | —       | —        | —        | —       | —        | —       | —        | —       | —         | (334)       | (334)     |
| Hotel EBITDA attributable to the Company and OP unitholders | Hotel EBITDA attributable to the Company and OP unitholders | \$7,631 | \$12,995 | \$8,288 | \$9,127 | \$18,115 | \$6,958 | \$13,620 | \$7,673 | \$8,354 | \$30,377 | \$11,383 | \$9,217 | \$30,137 | \$3,157 | \$14,887 | \$1,710 | \$193,629 | \$ (39,956) | \$153,673 |

(1) Represents expenses not recorded at the individual hotel property level.

(2) Includes allocated amounts which were not specific to hotel properties, such as gain on sale of hotel property, corporate taxes, insurance and legal expenses.

The following table reconciles net income (loss) to EBITDA attributable to the Company and OP unitholders on a property-by-property basis for each of our hotel properties owned and on a corporate basis during the year ended December 31, 2021. The results of **The Mr. C the Cameo Beverly Hills Hotel** are included from its acquisition date through December 31, 2021 (in thousands) (unaudited):

|                                                                               | Year Ended December 31, 2021 |          |             |             |            |          |            |              |             |            |           |          |            |            |             |             |                          |                       |
|-------------------------------------------------------------------------------|------------------------------|----------|-------------|-------------|------------|----------|------------|--------------|-------------|------------|-----------|----------|------------|------------|-------------|-------------|--------------------------|-----------------------|
|                                                                               | Hilton La                    |          | Sofitel     |             | Bardessono |          | Pier House |              | Park Hyatt  |            | The Ritz- |          | The Ritz-  |            | Marriott    |             | The Ritz-                |                       |
|                                                                               | Jolla                        | Chicago  | Chicago     | Magnificent | Hotel and  | Resort & | Hotel      | Creek Resort | Notary      | The Clancy | Sarasota  | Tahoe    | Waterfront | Thomas     | Hills Hotel | Hotel Total | Corporate /              | Braemar               |
|                                                                               | Capital                      | Torrey   | Pines       | Mile        | Spa        | Spa      | Yountville | & Spa        | Hotel       | The Clancy | Sarasota  | Tahoe    | Waterfront | Thomas     | Hills Hotel | Hotel Total | Allocated <sup>(1)</sup> | Hotels & Resorts Inc. |
| Net income (loss)                                                             | \$ (11,082)                  | \$ 1,915 | \$ (10,181) | \$ (5,053)  | \$ 13,411  | \$ 2,310 | \$ 4,005   | \$ (6,261)   | \$ (15,467) | \$ 15,342  | \$ 2,793  | \$ (293) | \$ 17,453  | \$ (1,630) | \$ 17,368   | \$ (50,279) | \$ (32,911)              |                       |
| Non-property adjustments <sup>(2)</sup>                                       | —                            | —        | —           | (117)       | (96)       | —        | —          | —            | —           | 1          | 1         | —        | (671)      | 936        | 54          | (54)        | —                        |                       |
| Interest income                                                               | —                            | —        | —           | —           | —          | —        | —          | —            | (3)         | (22)       | —         | (12)     | (2)        | —          | (39)        | 39          | —                        |                       |
| Interest expense                                                              | —                            | —        | —           | 1,039       | 1,606      | 1,303    | 2,075      | —            | —           | 3,518      | 1,205     | 54       | 2,134      | 644        | 13,578      | 15,117      | 28,695                   |                       |
| Amortization of loan costs                                                    | —                            | —        | —           | 162         | 294        | 180      | 14         | —            | —           | 352        | 144       | —        | 68         | 66         | 1,280       | 926         | 2,206                    |                       |
| Depreciation and amortization                                                 | 7,448                        | 4,293    | 6,582       | 2,581       | 2,883      | 2,572    | 3,526      | 8,333        | 13,258      | 6,347      | 2,931     | 3,965    | 8,071      | 972        | 73,762      | —           | 73,762                   |                       |
| Income tax expense (benefit)                                                  | —                            | (43)     | —           | —           | —          | —        | —          | (7)          | —           | —          | —         | —        | 101        | —          | 51          | 1,273       | 1,324                    |                       |
| Non-hotel EBITDA ownership expense (income)                                   | 292                          | 70       | 39          | 490         | (59)       | 68       | (11)       | (141)        | (5)         | 125        | 761       | (157)    | 396        | 64         | 1,932       | (1,932)     | —                        |                       |
| Hotel EBITDA including amounts attributable to noncontrolling interest        | (3,342)                      | 6,235    | (3,560)     | 9,208       | 18,039     | 6,433    | 9,609      | 1,924        | (2,217)     | 25,663     | 7,835     | 3,557    | 27,550     | 1,052      | 107,986     | (34,910)    | 73,078                   |                       |
| Less: EBITDA adjustments attributable to consolidated noncontrolling interest | 839                          | (1,562)  | —           | —           | —          | —        | —          | —            | —           | —          | —         | —        | —          | —          | (723)       | 723         | —                        |                       |
| Equity in earnings (loss) of unconsolidated entities                          | —                            | —        | —           | —           | —          | —        | —          | —            | —           | —          | —         | —        | —          | —          | —           | 252         | 252                      |                       |
| Company's portion of EBITDA of OpenKey                                        | —                            | —        | —           | —           | —          | —        | —          | —            | —           | —          | —         | —        | —          | —          | —           | (250)       | (250)                    |                       |
| Hotel EBITDA attributable to the Company and OP unitholders                   | \$ (2,503)                   | \$ 4,673 | \$ (3,560)  | \$ 9,208    | \$ 18,039  | \$ 6,433 | \$ 9,609   | \$ 1,924     | \$ (2,217)  | \$ 25,663  | \$ 7,835  | \$ 3,557 | \$ 27,550  | \$ 1,052   | \$ 107,263  | \$ (34,185) | \$ 73,078                |                       |

(1) Represents expenses not recorded at the individual hotel property level.

(2) Includes allocated amounts which were not specific to hotel properties, such as gain on sale of hotel property, corporate taxes, insurance and legal expenses.

The following table reconciles net income (loss) to EBITDA attributable to the Company and OP unitholders on a property-by-property basis for each of our hotel properties owned and on a corporate basis during the year ended December 31, 2020 (in thousands) (unaudited):

| Year Ended December 31, 2020 |
|------------------------------|
|------------------------------|

|                                                                               | Sofitel     |              |             |            |            |            |              |             |             |           | Park Hyatt   |            |             |             |             |                          |              |  |  |  | Braemar |  |  |
|-------------------------------------------------------------------------------|-------------|--------------|-------------|------------|------------|------------|--------------|-------------|-------------|-----------|--------------|------------|-------------|-------------|-------------|--------------------------|--------------|--|--|--|---------|--|--|
|                                                                               | Hilton La   |              | Chicago     | Bardessono | Pier House | Beaver     |              |             |             | The Ritz- | The Ritz-    | Marriott   | The Ritz-   | Corporate / |             | Hotels &                 |              |  |  |  |         |  |  |
|                                                                               | Capital     | Jolla Torrey | Magnificent | Hotel and  | Resort &   | Hotel      | Creek Resort | The Notary  |             | Carlton   | Carlton Lake | Seattle    | Carlton St. |             |             | Allocated <sup>(1)</sup> | Resorts Inc. |  |  |  |         |  |  |
|                                                                               | Hilton      | Pines        | Mile        | Spa        | Spa        | Yountville | & Spa        | Hotel       | The Clancy  | Sarasota  | Tahoe        | Waterfront | Thomas      | Hotel Total |             |                          |              |  |  |  |         |  |  |
| Net income (loss)                                                             | \$ (12,722) | \$ (4,013)   | \$ (12,230) | \$ (4,360) | \$ 766     | \$ (4,772) | \$ (2,204)   | \$ (10,642) | \$ (16,177) | \$ (294)  | \$ (3,913)   | \$ (6,001) | \$ 4,844    | \$ (71,718) | \$ (52,959) | \$ (124,677)             |              |  |  |  |         |  |  |
| Non-property adjustments <sup>(2)</sup>                                       | —           | —            | —           | 100        | 200        | 128        | —            | —           | —           | 250       | 135          | —          | (10,149)    | (9,336)     | 9,336       | —                        |              |  |  |  |         |  |  |
| Interest income                                                               | (12)        | (16)         | —           | —          | —          | —          | —            | (6)         | (9)         | (29)      | —            | (27)       | (1)         | (100)       | 100         | —                        |              |  |  |  |         |  |  |
| Interest expense                                                              | —           | —            | —           | 1,474      | 2,426      | 1,865      | 2,281        | —           | —           | 4,634     | 1,769        | —          | 2,283       | 16,732      | 24,963      | 41,695                   |              |  |  |  |         |  |  |
| Amortization of loan costs                                                    | —           | —            | —           | 145        | 282        | 153        | 13           | —           | —           | 334       | 136          | —          | 104         | 1,167       | 2,242       | 3,409                    |              |  |  |  |         |  |  |
| Depreciation and amortization                                                 | 7,648       | 5,032        | 6,667       | 3,126      | 3,006      | 2,441      | 4,562        | 8,768       | 12,028      | 5,992     | 2,772        | 3,949      | 7,380       | 73,371      | —           | 73,371                   |              |  |  |  |         |  |  |
| Income tax expense (benefit)                                                  | —           | (703)        | —           | —          | —          | —          | —            | (11)        | —           | —         | —            | —          | (83)        | (797)       | (3,609)     | (4,406)                  |              |  |  |  |         |  |  |
| Non-hotel EBITDA ownership expense (income)                                   | 10          | 53           | 175         | 533        | 27         | 99         | 325          | 258         | 463         | 615       | 968          | 346        | 246         | 4,118       | (4,118)     | —                        |              |  |  |  |         |  |  |
| Hotel EBITDA including amounts attributable to noncontrolling interest        | (5,076)     | 353          | (5,388)     | 1,018      | 6,707      | (86)       | 4,977        | (1,633)     | (3,695)     | 11,502    | 1,867        | (1,733)    | 4,624       | 13,437      | (24,045)    | (10,608)                 |              |  |  |  |         |  |  |
| Less: EBITDA adjustments attributable to consolidated noncontrolling interest | 1,269       | (88)         | —           | —          | —          | —          | —            | —           | —           | —         | —            | —          | —           | 1,181       | (1,181)     | —                        |              |  |  |  |         |  |  |
| Equity in earnings (loss) of unconsolidated entities                          | —           | —            | —           | —          | —          | —          | —            | —           | —           | —         | —            | —          | —           | —           | 217         | 217                      |              |  |  |  |         |  |  |
| Company's portion of EBITDA of OpenKey                                        | —           | —            | —           | —          | —          | —          | —            | —           | —           | —         | —            | —          | —           | —           | (214)       | (214)                    |              |  |  |  |         |  |  |
| Hotel EBITDA attributable to the Company and OP unitholders                   | \$ (3,807)  | \$ 265       | \$ (5,388)  | \$ 1,018   | \$ 6,707   | \$ (86)    | \$ 4,977     | \$ (1,633)  | \$ (3,695)  | \$ 11,502 | \$ 1,867     | \$ (1,733) | \$ 4,624    | \$ 14,618   | \$ (25,223) | \$ (10,605)              |              |  |  |  |         |  |  |

<sup>(1)</sup> Represents expenses not recorded at the individual hotel property level.

<sup>(2)</sup> Includes allocated amounts which were not specific to hotel properties, such as gain on sale of hotel property, corporate taxes, insurance and legal expenses.

FFO is calculated on the basis defined by NAREIT, which is net income (loss) attributable to common stockholders, computed in accordance with GAAP, excluding gains or losses on insurance settlement and disposition of assets, plus impairment charges on real estate, depreciation and amortization of real estate assets, and after redeemable noncontrolling interests in the operating partnership and adjustments for unconsolidated entities. NAREIT developed FFO as a relative measure of performance of an equity REIT to recognize that income-producing real estate historically has not depreciated on the basis determined by GAAP. Our calculation of Adjusted FFO excludes **gain/loss on extinguishment of preferred stock**, transaction and conversion costs, **other income/expense**, write-off of loan costs and exit fees, legal, advisory and settlement costs, advisory services incentive fee, **other income/expense**, stock/unit-based compensation, gain/loss on insurance settlements, **gain/loss on extinguishment of debt**, and non-cash items such as deemed dividends on redeemable preferred stock, interest expense accretion on refundable membership club deposits, amortization of loan costs, unrealized gain/loss on derivatives and the Company's portion of adjustments to FFO of OpenKey. FFO and Adjusted FFO exclude amounts attributable to the portion of a partnership owned by the third-party. We present FFO and Adjusted FFO because we consider FFO and Adjusted FFO important supplemental measures of our operational performance and believe they are frequently used by securities analysts, investors and other interested parties in the evaluation of REITs, many of which present FFO and Adjusted FFO when reporting their results. FFO and Adjusted FFO are intended to exclude GAAP historical cost depreciation and amortization, which assumes that the value of real estate assets diminishes ratably over time. Historically, however, real estate values have risen or fallen with market conditions. Because FFO and Adjusted FFO exclude depreciation and amortization related to real estate assets, gains and losses from real property dispositions and impairment losses on real estate assets, FFO and Adjusted FFO provide performance measures that, when compared year over year, reflect the effect to operations from trends in occupancy, guestroom rates, operating costs, development activities and interest costs, providing perspective not immediately apparent from net income. We consider FFO and Adjusted FFO to be appropriate measures of our ongoing normalized operating performance as a REIT. We compute FFO in accordance with our interpretation of standards established by NAREIT, which may not be comparable to FFO reported by other REITs that either do not define the term in accordance with the current NAREIT definition or interpret the NAREIT definition differently than us. FFO and Adjusted FFO do not represent cash generated from operating activities as determined by GAAP and should not be considered as an alternative to GAAP net income or loss as an indication of our financial performance or GAAP cash flows from operating activities as a measure of our liquidity. FFO and Adjusted FFO are also not indicative of funds available to satisfy our cash needs, including our ability to make cash distributions. However, to facilitate a clear understanding of our historical operating results, we believe that FFO and Adjusted FFO should be considered along with our net income or loss and cash flows reported in our consolidated financial statements.

The following table reconciles net income (loss) to FFO and Adjusted FFO (in thousands) (unaudited):

|      |      | Year Ended December 31, |      |      |
|------|------|-------------------------|------|------|
|      |      | 2022                    | 2021 | 2020 |
|      |      | Year Ended December 31, |      |      |
|      |      | Year Ended December 31, |      |      |
|      |      | Year Ended December 31, |      |      |
| 2023 | 2023 | 2022                    | 2021 |      |



|                                                                                                |                                                                                                |          |            |             |
|------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|----------|------------|-------------|
| Net income (loss)                                                                              | Net income (loss)                                                                              | \$19,348 | \$(32,911) | \$(124,677) |
| (Income) loss attributable to noncontrolling interest in consolidated entities                 | (Income) loss attributable to noncontrolling interest in consolidated entities                 | (2,063)  | 2,650      | 6,436       |
| Net (Income) loss attributable to redeemable noncontrolling interests in operating partnership | Net (Income) loss attributable to redeemable noncontrolling interests in operating partnership | 476      | 3,597      | 12,979      |
| Preferred dividends                                                                            | Preferred dividends                                                                            | (21,503) | (8,745)    | (10,219)    |
| Deemed dividends on preferred stock                                                            | Deemed dividends on preferred stock                                                            | (6,954)  | —          | —           |
| Gain (loss) on extinguishment of preferred stock                                               | Gain (loss) on extinguishment of preferred stock                                               | —        | (4,595)    | —           |
| Net income (loss) attributable to common stockholders                                          | Net income (loss) attributable to common stockholders                                          | (10,696) | (40,004)   | (115,481)   |
| Depreciation and amortization on real estate (1)                                               | Depreciation and amortization on real estate (1)                                               | 75,508   | 71,072     | 70,426      |
| Net income (loss) attributable to redeemable noncontrolling interests in operating partnership | Net income (loss) attributable to redeemable noncontrolling interests in operating partnership | (476)    | (3,597)    | (12,979)    |
| Equity in (earnings) loss of unconsolidated entity                                             | Equity in (earnings) loss of unconsolidated entity                                             | 328      | 252        | 217         |
| (Gain) loss on insurance settlement and disposition of assets                                  | (Gain) loss on insurance settlement and disposition of assets                                  |          |            |             |
| (Gain) loss on insurance settlement and disposition of assets                                  | (Gain) loss on insurance settlement and disposition of assets                                  | —        | (696)      | (10,149)    |

| Company's<br>portion of FFO<br>of OpenKey                                        | Company's<br>portion of FFO<br>of OpenKey                                      | (333)   | (251)  | (216)    |
|----------------------------------------------------------------------------------|--------------------------------------------------------------------------------|---------|--------|----------|
| <b>FFO available to<br/>common<br/>stockholders<br/>and OP<br/>unitholders</b>   | <b>FFO available to<br/>common<br/>stockholders<br/>and OP<br/>unitholders</b> | 64,331  | 26,776 | (68,182) |
| Deemed<br>dividends on<br>preferred stock                                        | Deemed<br>dividends on<br>preferred stock                                      | 6,954   | —      | —        |
| (Gain) loss on<br>extinguishment<br>of preferred<br>stock                        | (Gain) loss on<br>extinguishment<br>of preferred<br>stock                      | —       | 4,595  | —        |
| Transaction<br>and conversion<br>costs                                           | Transaction<br>and conversion<br>costs                                         | 9,679   | 2,637  | 1,370    |
| Other (income) expense                                                           |                                                                                | —       | —      | 5,126    |
| Interest expense accretion on<br>refundable membership club<br>benefits          |                                                                                | 723     | 772    | 818      |
| Write-off of loan costs and exit<br>fees                                         |                                                                                | 146     | 1,963  | 3,920    |
| Amortization of loan costs <sup>(1)</sup>                                        |                                                                                | 2,365   | 2,121  | 3,332    |
| (Gain) loss on insurance<br>settlements                                          |                                                                                | (55)    | —      | —        |
| Write-off of<br>premiums,<br>loan costs and<br>exit fees                         |                                                                                |         |        |          |
| Unrealized<br>(gain) loss on<br>derivatives                                      | Unrealized<br>(gain) loss on<br>derivatives                                    | (4,464) | (32)   | (4,959)  |
| Stock/unit-<br>based<br>compensation                                             | Stock/unit-<br>based<br>compensation                                           | 11,285  | 10,204 | 7,892    |
| Legal, advisory<br>and settlement<br>costs                                       | Legal, advisory<br>and settlement<br>costs                                     | 2,170   | (208)  | 2,023    |
| Interest<br>expense<br>accretion on<br>refundable<br>membership<br>club deposits |                                                                                |         |        |          |
| Amortization of<br>loan costs <sup>(1)</sup>                                     |                                                                                |         |        |          |
| (Gain) loss on extinguishment of<br>debt                                         |                                                                                |         |        |          |
| (Gain) loss on extinguishment of<br>debt                                         |                                                                                |         |        |          |
| (Gain) loss on extinguishment of<br>debt                                         |                                                                                |         |        |          |
| Other (income)<br>expense                                                        |                                                                                |         |        |          |
| (Gain) loss on insurance<br>settlements                                          |                                                                                |         |        |          |

|                                                                  |                                                                  |        |        |             |
|------------------------------------------------------------------|------------------------------------------------------------------|--------|--------|-------------|
| (Gain) loss on insurance settlements                             |                                                                  |        |        |             |
| (Gain) loss on insurance settlements                             |                                                                  |        |        |             |
| Company's portion of adjustments to FFO of OpenKey               | Company's portion of adjustments to FFO of OpenKey               | 8      | 7      | 13          |
| Company's portion of adjustments to FFO of OpenKey               |                                                                  |        |        |             |
| Company's portion of adjustments to FFO of OpenKey               |                                                                  |        |        |             |
| Adjusted FFO available to common stockholders and OP unitholders | Adjusted FFO available to common stockholders and OP unitholders | 93,142 | 48,835 | \$ (48,647) |

(1) Net of adjustment for noncontrolling interest in consolidated entities. The following table presents the amounts of the adjustments for noncontrolling interests for each line item:

|                                              |                                              | Year Ended December 31, |           |           |
|----------------------------------------------|----------------------------------------------|-------------------------|-----------|-----------|
|                                              |                                              | 2022                    | 2021      | 2020      |
|                                              |                                              | Year Ended December 31, |           |           |
|                                              |                                              | Year Ended December 31, |           |           |
|                                              |                                              | Year Ended December 31, |           |           |
|                                              |                                              | 2023                    | 2023      | 2022      |
|                                              |                                              | 2023                    | 2022      | 2021      |
| Depreciation and amortization on real estate | Depreciation and amortization on real estate | \$(2,614)               | \$(2,690) | \$(2,945) |
| Amortization of loan costs                   | Amortization of loan costs                   | (91)                    | (87)      | (77)      |
| Amortization of loan costs                   |                                              |                         |           |           |
| Amortization of loan costs                   |                                              |                         |           |           |

## Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Our primary market risk exposure consists of changes in interest rates on borrowings under our debt instruments that bear interest at variable rates that fluctuate with market interest rates. To the extent that we acquire assets or conduct operations in an international jurisdiction, we will also have currency exchange risk. We may enter into certain hedging arrangements in order to manage interest rate and currency fluctuations. The analysis below presents the sensitivity of the market value of our financial instruments to selected changes in market interest rates.

At **December 31, 2022** **December 31, 2023**, our total indebtedness of approximately **\$1.3 billion** **\$1.2 billion** included approximately **\$1.3 billion** **\$1.1 billion** of variable-rate debt. The impact on the results of operations of a 25-basis point change in the interest rate on the outstanding balance of variable-rate debt at **December 31, 2022** **December 31, 2023**, would be approximately **\$3.1 million** **\$2.7 million** per year. However, we currently have various interest rate caps in place that limit this exposure. Interest rate changes have no impact on the remaining \$86.3 million of fixed-rate debt.

The above amounts were determined based on the impact of hypothetical interest rates on our borrowings and assume no changes in our capital structure. The information presented above includes those exposures that existed at **December 31, 2022** **December 31, 2023**, but it does not consider exposures or positions that could arise after that date. Accordingly, the information presented herein has limited predictive value. As a result, the ultimate realized gain or loss with respect to interest rate fluctuations will depend on exposures that arise during the period, the hedging strategies at the time, and the related interest rates.

## Item 8. Financial Statements and Supplementary Data

Index to Consolidated Financial Statements

|                                                                                                                                   |                                         |
|-----------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|
| Report of Independent Registered Public Accounting Firm (BDO USA, LLP, P.C.; Dallas, Texas; PCAOB ID #243)                        | <a href="#">110</a> <a href="#">109</a> |
| Consolidated Balance Sheets — December 31, 2022 December 31, 2023 and 2022                                                        | <a href="#">111</a>                     |
| Consolidated Statements of Operations — Years Ended December 31, 2023, 2022 and 2021                                              | <a href="#">112</a>                     |
| Consolidated Statements of Operations — Years Ended December 31, 2022, 2021 and 2020                                              | <a href="#">113</a>                     |
| Consolidated Statements of Comprehensive Income (Loss) — Years Ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021 | <a href="#">114</a> <a href="#">113</a> |
| Consolidated Statements of Equity — Years Ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021                      | <a href="#">115</a> <a href="#">114</a> |
| Consolidated Statements of Cash Flows — Years Ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021                  | <a href="#">117</a> <a href="#">116</a> |
| Notes to Consolidated Financial Statements                                                                                        | <a href="#">119</a> <a href="#">118</a> |

## Report of Independent Registered Public Accounting Firm

Stockholders and Board of Directors  
Braemar Hotels & Resorts Inc.  
Dallas, Texas

### Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Braemar Hotels & Resorts Inc. (the “Company”) as of December 31, 2022 December 31, 2023 and 2021, 2022, the related consolidated statements of operations, comprehensive income (loss), equity, and cash flows for each of the three years in the period ended December 31, 2022 December 31, 2023, and the related notes and schedule listed in the index at Item 15(a) (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2022 December 31, 2023 and 2021, 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022 December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Company’s internal control over financial reporting as of December 31, 2022 December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) and our report dated March 10, 2023 March 14, 2024 expressed an adverse unqualified opinion thereon.

### Change in Accounting Principle

As discussed in Notes 2 and 6 to the consolidated financial statements, the Company changed its method of accounting for convertible debt as of January 1, 2022, due to the adoption of Accounting Standards Update 2020-06, *Debt-Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging-Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity* using the modified retrospective method.

### Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

### Impairment of Investments in Hotel Property Acquisitions Properties

At December 31, 2023, the Company’s consolidated investments in hotel properties, net, totaled \$1.9 billion. As described in Note Notes 2 and 4 to the consolidated financial statements, during the year ended December 31, 2022, hotel properties are evaluated for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Recoverability of a hotel property is measured by comparing the carrying amount of the hotel to its estimated future undiscounted cash flows. If the

carrying amount of the hotel is not recoverable, an impairment charge is recognized for the amount by which the hotel's carrying amount exceeds its estimated fair value. During 2023, the Company acquired a 100% interest in the Ritz-Carlton Reserve Dorado Beach Hotel for \$140.9 million, as well as a 100% interest in the

Four Seasons Resort Scottsdale at Troon North for \$267.8 million (collectively, the "Acquisitions"). Management utilized various estimates in the determination of the relative fair values for these Acquisitions. did not record any impairment charges.

We identified the evaluation impairment of the relative fair values allocated to the investment investments in hotel properties assets acquired in the Acquisitions as a critical audit matter. Specifically, there was judgment applied by For investments in hotel properties where events or changes in circumstances indicated that the carrying amounts may not be recoverable, it is necessary for management in determining to estimate the relative fair values future undiscounted cash flows expected from the use and eventual disposition of the acquired land, hotel buildings and respective improvements, as well as hotels.

Auditing the furniture, fixtures, and equipment. The valuation included making judgments about cash flows expected from the methodologies and inputs to the valuation models. Auditing these matters involved especially challenging auditor effort due to the specialized skills and knowledge required to evaluate the valuation methodologies and the reasonableness eventual disposition of the inputs used to determine hotel properties included the relative fair values involvement of the acquired tangible assets. professionals with specialized knowledge and skills.

The primary procedures we performed to address this the critical audit matter utilized valuation professionals with specialized knowledge and skills, who assisted in:

- Assessing Evaluating the appropriateness cash flows expected from the eventual disposition of the valuation methodologies utilized to determine the relative fair values; hotel properties.
- Evaluating the reasonableness of the assumptions utilized in developing the estimates for determining the relative fair values of the acquired land, hotel buildings and respective improvements, as well as the furniture, fixtures, and equipment; and
- Verifying the mathematical accuracy of the valuation models used by the Company to determine the relative fair values of the acquired tangible assets in the Acquisitions.

/s/ BDO USA, LLP P.C.

We have served as the Company's auditor since 2015.

Dallas, Texas

March 10, 2023 14, 2024

BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
(in thousands, except share and per share amounts)

|                                              |                                              | December<br>31, 2022 | December<br>31, 2021 |
|----------------------------------------------|----------------------------------------------|----------------------|----------------------|
|                                              |                                              | December<br>31, 2023 |                      |
|                                              |                                              | December<br>31, 2023 |                      |
|                                              |                                              | December<br>31, 2023 | December 31, 2022    |
| ASSETS                                       | ASSETS                                       |                      |                      |
| Investments in hotel properties,<br>gross    |                                              |                      |                      |
| Investments in hotel properties,<br>gross    |                                              |                      |                      |
| Investments in<br>hotel properties,<br>gross | Investments in<br>hotel properties,<br>gross | \$2,325,093          | \$1,845,078          |
| Accumulated<br>depreciation                  | Accumulated<br>depreciation                  | (440,492)            | (399,481)            |
| Investments in<br>hotel properties,<br>net   | Investments in<br>hotel properties,<br>net   | 1,884,601            | 1,445,597            |
| Cash and cash<br>equivalents                 | Cash and cash<br>equivalents                 | 261,541              | 215,998              |
| Restricted cash                              | Restricted cash                              | 54,155               | 47,376               |

|                                                                        |                                       |             |             |
|------------------------------------------------------------------------|---------------------------------------|-------------|-------------|
| Accounts receivable, net of allowance of \$339 and \$134, respectively |                                       | 51,448      | 23,701      |
| Restricted cash                                                        |                                       |             |             |
| Restricted cash                                                        |                                       |             |             |
| Accounts receivable, net of allowance of \$237 and \$339, respectively |                                       |             |             |
| Inventories                                                            |                                       |             |             |
| Inventories                                                            |                                       |             |             |
| Inventories                                                            | Inventories                           | 5,238       | 3,128       |
| Prepaid expenses                                                       | Prepaid expenses                      | 7,044       | 4,352       |
| Prepaid expenses                                                       |                                       |             |             |
| Prepaid expenses                                                       |                                       |             |             |
| Deferred costs, net                                                    |                                       |             |             |
| Investment in unconsolidated entity                                    | Investment in unconsolidated entity   | 1,689       | 1,689       |
| Derivative assets                                                      | Derivative assets                     | 6,482       | 139         |
| Operating lease right-of-use assets                                    | Operating lease right-of-use assets   | 79,449      | 80,462      |
| Other assets                                                           | Other assets                          | 14,621      | 23,588      |
| Intangible assets, net                                                 | Intangible assets, net                | 3,883       | 4,261       |
| Due from related parties, net                                          | Due from related parties, net         | 938         | 1,770       |
| Due from related parties, net                                          |                                       |             |             |
| Due from related parties, net                                          |                                       |             |             |
| Due from third-party hotel managers                                    | Due from third-party hotel managers   | 26,625      | 27,461      |
| Total assets                                                           | Total assets                          | \$2,397,714 | \$1,879,522 |
| Total assets                                                           |                                       |             |             |
| Total assets                                                           |                                       |             |             |
| <b>LIABILITIES AND EQUITY</b>                                          | <b>LIABILITIES AND EQUITY</b>         |             |             |
| Liabilities:                                                           | Liabilities:                          |             |             |
| Liabilities:                                                           |                                       |             |             |
| Liabilities:                                                           |                                       |             |             |
| Indebtedness, net                                                      |                                       |             |             |
| Indebtedness, net                                                      |                                       |             |             |
| Indebtedness, net                                                      | Indebtedness, net                     | \$1,334,130 | \$1,172,678 |
| Accounts payable and accrued expenses                                  |                                       |             |             |
| Accounts payable and accrued expenses                                  |                                       |             |             |
| Accounts payable and accrued expenses                                  | Accounts payable and accrued expenses | 133,978     | 96,316      |



|                                                                                                                                                                           |                                         |           |                                         |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|-----------|-----------------------------------------|
| Dividends and distributions payable                                                                                                                                       | Dividends and distributions payable     | 8,184     | 2,173                                   |
| Due to Ashford Inc.                                                                                                                                                       | Due to Ashford Inc.                     | 10,005    | 1,474                                   |
| Due to Ashford Inc.                                                                                                                                                       |                                         |           |                                         |
| Due to Ashford Inc.                                                                                                                                                       |                                         |           |                                         |
| Due to related parties, net                                                                                                                                               |                                         |           |                                         |
| Due to third-party hotel managers                                                                                                                                         | Due to third-party hotel managers       | 2,096     | 610                                     |
| Operating lease liabilities                                                                                                                                               |                                         |           |                                         |
| Operating lease liabilities                                                                                                                                               |                                         |           |                                         |
| Operating lease liabilities                                                                                                                                               | Operating lease liabilities             | 60,692    | 60,937                                  |
| Other liabilities                                                                                                                                                         | Other liabilities                       | 22,343    | 20,034                                  |
| Derivative liabilities                                                                                                                                                    | Derivative liabilities                  | 284       | 1,435                                   |
| Total liabilities                                                                                                                                                         | Total liabilities                       | 1,571,712 | 1,355,657                               |
| Total liabilities                                                                                                                                                         |                                         |           |                                         |
| Total liabilities                                                                                                                                                         |                                         |           |                                         |
| Commitments and contingencies (note 16)                                                                                                                                   | Commitments and contingencies (note 16) |           | Commitments and contingencies (note 16) |
| 5.50% Series B cumulative convertible preferred stock, \$0.01 par value, 3,078,017 shares issued and outstanding at December 31, 2022 and December 31, 2021               |                                         |           |                                         |
|                                                                                                                                                                           |                                         | 65,426    | 65,426                                  |
| Series E redeemable preferred stock, \$0.01 par value, 12,656,529 and 1,710,399 shares issued and outstanding at December 31, 2022 and December 31, 2021, respectively    |                                         |           |                                         |
|                                                                                                                                                                           |                                         | 291,076   | 39,339                                  |
| Series M redeemable preferred stock, \$0.01 par value, 1,428,332 and 29,044 shares issued and outstanding at December 31, 2022 and December 31, 2021, respectively        |                                         |           |                                         |
|                                                                                                                                                                           |                                         | 35,182    | 715                                     |
| 5.50% Series B cumulative convertible preferred stock, \$0.01 par value, 3,078,017 shares issued and outstanding at December 31, 2023 and December 31, 2022, respectively |                                         |           |                                         |
| Series E redeemable preferred stock, \$0.01 par value, 16,316,315 and 12,656,529 shares issued and outstanding at December 31, 2023 and December 31, 2022, respectively   |                                         |           |                                         |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                  |           |           |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|-----------|-----------|
| Series M redeemable preferred stock, \$0.01 par value, 1,832,805 and 1,428,332 shares issued and outstanding at December 31, 2023 and December 31, 2022, respectively                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                  |           |           |
| Redeemable noncontrolling interests in operating partnership                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Redeemable noncontrolling interests in operating partnership     | 40,555    | 36,087    |
| Equity:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Equity:                                                          |           |           |
| Preferred stock, \$0.01 par value, 80,000,000 shares authorized:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Preferred stock, \$0.01 par value, 80,000,000 shares authorized: |           |           |
| 8.25% Series D cumulative preferred stock, 1,600,000 shares issued and outstanding at December 31, 2022 and December 31, 2021                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                  | 16        | 16        |
| Common stock, \$0.01 par value, 250,000,000 shares authorized, 69,919,065 and 65,365,470 shares issued and outstanding at December 31, 2022 and December 31, 2021, respectively                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                  | 699       | 653       |
| Preferred stock, \$0.01 par value, 80,000,000 shares authorized:<br>Preferred stock, \$0.01 par value, 80,000,000 shares authorized:<br>8.25% Series D cumulative preferred stock, 1,600,000 shares issued and outstanding at December 31, 2023 and December 31, 2022<br>8.25% Series D cumulative preferred stock, 1,600,000 shares issued and outstanding at December 31, 2023 and December 31, 2022<br>8.25% Series D cumulative preferred stock, 1,600,000 shares issued and outstanding at December 31, 2023 and December 31, 2022<br>Common stock, \$0.01 par value, 250,000,000 shares authorized, 66,636,353 and 69,919,065 shares issued and outstanding at December 31, 2023 and December 31, 2022, respectively |                                                                  |           |           |
| Additional paid-in capital                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Additional paid-in capital                                       | 734,134   | 707,418   |
| Accumulated deficit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Accumulated deficit                                              | (324,740) | (309,240) |

|                                                  |                                                  |             |             |
|--------------------------------------------------|--------------------------------------------------|-------------|-------------|
| Total stockholders' equity of the Company        | Total stockholders' equity of the Company        | 410,109     | 398,847     |
| Noncontrolling interest in consolidated entities | Noncontrolling interest in consolidated entities | (16,346)    | (16,549)    |
| Total equity                                     | Total equity                                     | 393,763     | 382,298     |
| Total liabilities and equity                     | Total liabilities and equity                     | \$2,397,714 | \$1,879,522 |

See Notes to Consolidated Financial Statements.

**BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in thousands, except per share amounts)

|                                |                                | Year Ended December 31, |           |            |
|--------------------------------|--------------------------------|-------------------------|-----------|------------|
|                                |                                | 2022                    | 2021      | 2020       |
|                                |                                | Year Ended December 31, |           |            |
|                                |                                | Year Ended December 31, |           |            |
|                                |                                | Year Ended December 31, |           |            |
|                                |                                | 2023                    | 2023      | 2022       |
|                                |                                | 2021                    | 2022      | 2021       |
| REVENUE                        | REVENUE                        |                         |           |            |
| Rooms                          | Rooms                          |                         |           |            |
| Rooms                          | Rooms                          |                         |           |            |
| Rooms                          | Rooms                          | \$431,515               | \$280,568 | \$ 136,265 |
| Food and beverage              | Food and beverage              | 159,241                 | 90,299    | 50,263     |
| Other                          | Other                          |                         |           |            |
| Other                          | Other                          |                         |           |            |
| Other                          | Other                          | 78,829                  | 56,675    | 40,446     |
| Total hotel revenue            | Total hotel revenue            | 669,585                 | 427,542   | 226,974    |
| EXPENSES                       | EXPENSES                       |                         |           |            |
| EXPENSES                       | EXPENSES                       |                         |           |            |
| EXPENSES                       | EXPENSES                       |                         |           |            |
| Hotel operating expenses:      | Hotel operating expenses:      |                         |           |            |
| Hotel operating expenses:      | Hotel operating expenses:      |                         |           |            |
| Rooms                          | Rooms                          |                         |           |            |
| Rooms                          | Rooms                          |                         |           |            |
| Rooms                          | Rooms                          | 94,410                  | 59,818    | 38,054     |
| Food and beverage              | Food and beverage              | 125,555                 | 75,177    | 46,246     |
| Other expenses                 | Other expenses                 | 205,373                 | 138,914   | 98,467     |
| Management fees                | Management fees                | 20,149                  | 13,117    | 7,210      |
| Total hotel operating expenses | Total hotel operating expenses | 445,487                 | 287,026   | 189,977    |

|                                                               |                                                               |          |          |           |
|---------------------------------------------------------------|---------------------------------------------------------------|----------|----------|-----------|
| Property taxes, insurance and other                           | Property taxes, insurance and other                           | 30,766   | 34,997   | 28,483    |
| Depreciation and amortization                                 | Depreciation and amortization                                 | 78,122   | 73,762   | 73,371    |
| Advisory services fee                                         | Advisory services fee                                         | 28,847   | 22,641   | 18,486    |
| Advisory services fee                                         |                                                               |          |          |           |
| Advisory services fee                                         |                                                               |          |          |           |
| (Gain) loss on legal settlements                              | (Gain) loss on legal settlements                              | (114)    | (917)    | —         |
| Transaction costs                                             | Transaction costs                                             | —        | 563      | —         |
| Corporate general and administrative                          | Corporate general and administrative                          | 18,084   | 8,717    | 6,657     |
| Total expenses                                                |                                                               | 601,192  | 426,789  | 316,974   |
| Total operating expenses                                      |                                                               |          |          |           |
| Gain (loss) on insurance settlement and disposition of assets | Gain (loss) on insurance settlement and disposition of assets | —        | 696      | 10,149    |
| <b>OPERATING INCOME (LOSS)</b>                                | <b>OPERATING INCOME (LOSS)</b>                                | 68,393   | 1,449    | (79,851)  |
| Equity in earnings (loss) of unconsolidated entity            | Equity in earnings (loss) of unconsolidated entity            | (328)    | (252)    | (217)     |
| Interest income                                               | Interest income                                               | 2,677    | 48       | 176       |
| Other income (expense)                                        | Other income (expense)                                        | —        | —        | (5,126)   |
| Interest expense and amortization of discounts and loan costs | Interest expense and amortization of discounts and loan costs | (52,166) | (30,901) | (45,104)  |
| Write-off of loan costs and exit fees                         | Write-off of loan costs and exit fees                         | (146)    | (1,963)  | (3,920)   |
| Gain (loss) on extinguishment of debt                         |                                                               |          |          |           |
| Gain (loss) on extinguishment of debt                         |                                                               |          |          |           |
| Gain (loss) on extinguishment of debt                         |                                                               |          |          |           |
| Realized and unrealized gain (loss) on derivatives            | Realized and unrealized gain (loss) on derivatives            | 4,961    | 32       | 4,959     |
| <b>INCOME (LOSS) BEFORE INCOME TAXES</b>                      | <b>INCOME (LOSS) BEFORE INCOME TAXES</b>                      | 23,391   | (31,587) | (129,083) |
| Income tax (expense) benefit                                  | Income tax (expense) benefit                                  | (4,043)  | (1,324)  | 4,406     |
| <b>NET INCOME (LOSS)</b>                                      | <b>NET INCOME (LOSS)</b>                                      | 19,348   | (32,911) | (124,677) |

|                                                                                                |                                                                                                |                    |                    |                     |
|------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|--------------------|--------------------|---------------------|
| (Income) loss attributable to noncontrolling interest in consolidated entities                 | (Income) loss attributable to noncontrolling interest in consolidated entities                 | (2,063)            | 2,650              | 6,436               |
| Net (income) loss attributable to redeemable noncontrolling interests in operating partnership | Net (income) loss attributable to redeemable noncontrolling interests in operating partnership | 476                | 3,597              | 12,979              |
| <b>NET INCOME (LOSS) ATTRIBUTABLE TO THE COMPANY</b>                                           | <b>NET INCOME (LOSS) ATTRIBUTABLE TO THE COMPANY</b>                                           | 17,761             | (26,664)           | (105,262)           |
| Preferred dividends                                                                            | Preferred dividends                                                                            | (21,503)           | (8,745)            | (10,219)            |
| Deemed dividends on preferred stock                                                            | Deemed dividends on preferred stock                                                            | (6,954)            | —                  | —                   |
| Gain (loss) on extinguishment of preferred stock                                               | Gain (loss) on extinguishment of preferred stock                                               | —                  | (4,595)            | —                   |
| <b>NET INCOME (LOSS) ATTRIBUTABLE TO COMMON STOCKHOLDERS</b>                                   | <b>NET INCOME (LOSS) ATTRIBUTABLE TO COMMON STOCKHOLDERS</b>                                   | <u>\$ (10,696)</u> | <u>\$ (40,004)</u> | <u>\$ (115,481)</u> |
| <b>INCOME (LOSS) PER SHARE - BASIC:</b>                                                        | <b>INCOME (LOSS) PER SHARE - BASIC:</b>                                                        |                    |                    |                     |
| Net income (loss) attributable to common stockholders                                          | Net income (loss) attributable to common stockholders                                          | \$ (0.15)          | \$ (0.76)          | \$ (3.39)           |
| Net income (loss) attributable to common stockholders                                          |                                                                                                |                    |                    |                     |
| Net income (loss) attributable to common stockholders                                          |                                                                                                |                    |                    |                     |
| Weighted average common shares outstanding – basic                                             | Weighted average common shares outstanding – basic                                             | 69,687             | 52,684             | 33,998              |
| <b>INCOME (LOSS) PER SHARE - DILUTED:</b>                                                      | <b>INCOME (LOSS) PER SHARE - DILUTED:</b>                                                      |                    |                    |                     |
| Net income (loss) attributable to common stockholders                                          |                                                                                                |                    |                    |                     |
| Net income (loss) attributable to common stockholders                                          |                                                                                                |                    |                    |                     |
| Net income (loss) attributable to common stockholders                                          | Net income (loss) attributable to common stockholders                                          | \$ (0.15)          | \$ (0.76)          | \$ (3.39)           |
| Weighted average common shares outstanding – diluted                                           | Weighted average common shares outstanding – diluted                                           | 69,687             | 52,684             | 33,998              |

See Notes to Consolidated Financial Statements.

**BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

(in thousands)

| Year Ended December 31,                                                                                  |                                                                                                          |          |            |             |
|----------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|----------|------------|-------------|
| Year Ended December 31,                                                                                  |                                                                                                          |          |            |             |
| Year Ended December 31,                                                                                  |                                                                                                          |          |            |             |
|                                                                                                          | 2023                                                                                                     | 2023     | 2022       | 2021        |
| NET INCOME                                                                                               |                                                                                                          |          |            |             |
| (LOSS)                                                                                                   |                                                                                                          |          |            |             |
| OTHER                                                                                                    |                                                                                                          |          |            |             |
| COMPREHENSIVE                                                                                            |                                                                                                          |          |            |             |
| INCOME (LOSS),                                                                                           |                                                                                                          |          |            |             |
| NET OF TAX                                                                                               |                                                                                                          |          |            |             |
| Year Ended December 31,                                                                                  |                                                                                                          |          |            |             |
| Total other comprehensive income                                                                         |                                                                                                          |          |            |             |
| (loss)                                                                                                   |                                                                                                          |          |            |             |
|                                                                                                          |                                                                                                          | 2022     | 2021       | 2020        |
| NET INCOME (LOSS)                                                                                        |                                                                                                          | \$19,348 | \$(32,911) | \$(124,677) |
| OTHER COMPREHENSIVE INCOME                                                                               |                                                                                                          |          |            |             |
| (LOSS), NET OF TAX                                                                                       |                                                                                                          |          |            |             |
| Total other comprehensive income                                                                         |                                                                                                          |          |            |             |
| (loss)                                                                                                   |                                                                                                          |          |            |             |
| Total other comprehensive income (loss)                                                                  |                                                                                                          | —        | —          | —           |
| TOTAL                                                                                                    | TOTAL                                                                                                    |          |            |             |
| COMPREHENSIVE                                                                                            | COMPREHENSIVE                                                                                            |          |            |             |
| INCOME (LOSS)                                                                                            | INCOME (LOSS)                                                                                            | 19,348   | (32,911)   | (124,677)   |
| Comprehensive (income) loss attributable to noncontrolling interest in consolidated entities             | Comprehensive (income) loss attributable to noncontrolling interest in consolidated entities             | (2,063)  | 2,650      | 6,436       |
| Comprehensive (income) loss attributable to redeemable noncontrolling interests in operating partnership | Comprehensive (income) loss attributable to redeemable noncontrolling interests in operating partnership | 476      | 3,597      | 12,979      |
| COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO THE COMPANY                                                  | COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO THE COMPANY                                                  | \$17,761 | \$(26,664) | \$(105,262) |

See Notes to Consolidated Financial Statements.

**BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF EQUITY**  
(in thousands except per share amounts)

| 8.25% Series D Cumulative Preferred Stock | Common Stock | 8.25% Series I Cumulative Preferred Stock |
|-------------------------------------------|--------------|-------------------------------------------|
| Shares                                    |              |                                           |
| Shares                                    |              |                                           |

| Shares                                                           |                                                                  |        |        |        |              |           |                                                   |             |           |        |                                                       |           |                                     |        |                                     |        |                                                             |             |
|------------------------------------------------------------------|------------------------------------------------------------------|--------|--------|--------|--------------|-----------|---------------------------------------------------|-------------|-----------|--------|-------------------------------------------------------|-----------|-------------------------------------|--------|-------------------------------------|--------|-------------------------------------------------------------|-------------|
|                                                                  | 8.25% Series D Cumulative Preferred Stock                        |        |        |        | Common Stock |           | Noncontrolling Interests in Consolidated Entities |             |           |        | 5.50% Series B Cumulative Convertible Preferred Stock |           | Series E Redeemable Preferred Stock |        | Series M Redeemable Preferred Stock |        | Redeemable Noncontrolling Interest in Operating Partnership |             |
|                                                                  | Shares                                                           |        | Amount |        | Capital      | Deficit   | Shares                                            |             | Total     | Amount |                                                       | Shares    |                                     | Amount |                                     | Shares |                                                             | Partnership |
|                                                                  |                                                                  |        |        |        |              |           |                                                   |             |           |        |                                                       |           |                                     |        |                                     |        |                                                             |             |
|                                                                  |                                                                  | Shares | Amount | Shares | Amount       |           |                                                   |             |           |        |                                                       |           | Shares                              | Amount | Shares                              | Amount |                                                             |             |
| Balance at December 31, 2019                                     | 1,600                                                            | \$ 16  | 32,885 | \$ 329 | \$519,551    |           |                                                   |             | \$363,254 | Total  | 5,008                                                 | \$106,920 | —                                   | \$ —   | —                                   | \$—    | \$41,570                                                    |             |
| Purchase of common stock                                         | —                                                                | —      | (47)   | —      | (155)        | —         | —                                                 | (155)       | —         | —      | —                                                     | —         | —                                   | —      | —                                   | —      | —                                                           |             |
| Equity-based compensation                                        | —                                                                | —      | —      | —      | 5,746        | —         | —                                                 | 5,746       | —         | —      | —                                                     | —         | —                                   | —      | —                                   | —      | 2,146                                                       |             |
| Issuance of restricted shares/units                              | —                                                                | —      | 379    | 3      | (3)          | —         | —                                                 | —           | —         | —      | —                                                     | —         | —                                   | —      | —                                   | —      | —                                                           |             |
| Forfeiture of restricted common shares                           | —                                                                | —      | (10)   | —      | —            | —         | —                                                 | —           | —         | —      | —                                                     | —         | —                                   | —      | —                                   | —      | —                                                           |             |
| Issuance of preferred shares                                     | —                                                                | —      | —      | —      | —            | —         | —                                                 | —           | 23        | 29     | —                                                     | —         | —                                   | —      | —                                   | —      | —                                                           |             |
| Issuance of common stock                                         | —                                                                | —      | 4,729  | 47     | 13,280       | —         | —                                                 | 13,327      | —         | —      | —                                                     | —         | —                                   | —      | —                                   | —      | —                                                           |             |
| PSU dividend claw back upon cancellation                         | —                                                                | —      | —      | —      | —            | 202       | —                                                 | 202         | —         | —      | —                                                     | —         | —                                   | —      | —                                   | —      | —                                                           |             |
| Dividends declared – preferred stock - Series B (\$1.3750/share) | —                                                                | —      | —      | —      | —            | (6,919)   | —                                                 | (6,919)     | —         | —      | —                                                     | —         | —                                   | —      | —                                   | —      | —                                                           |             |
| Dividends declared – preferred stock - Series D (\$2.0625/share) | —                                                                | —      | —      | —      | —            | (3,300)   | —                                                 | (3,300)     | —         | —      | —                                                     | —         | —                                   | —      | —                                   | —      | —                                                           |             |
| Distributions to noncontrolling interests                        | —                                                                | —      | —      | —      | —            | —         | (2,639)                                           | (2,639)     | —         | —      | —                                                     | —         | —                                   | —      | —                                   | —      | —                                                           |             |
| Performance LTIP dividend claw back upon cancellation            | —                                                                | —      | —      | —      | —            | —         | —                                                 | —           | —         | —      | —                                                     | —         | —                                   | —      | —                                   | —      | 270                                                         |             |
| Redemption/conversion of operating partnership units             | —                                                                | —      | 339    | 3      | 3,451        | —         | —                                                 | 3,454       | —         | —      | —                                                     | —         | —                                   | —      | —                                   | —      | (3,454)                                                     |             |
| Net income (loss)                                                | —                                                                | —      | —      | —      | —            | (105,262) | (6,436)                                           | (111,698)   | —         | —      | —                                                     | —         | —                                   | —      | —                                   | —      | (12,979)                                                    |             |
| Redemption value adjustment                                      | —                                                                | —      | —      | —      | —            | (102)     | —                                                 | (102)       | —         | —      | —                                                     | —         | —                                   | —      | —                                   | —      | 102                                                         |             |
| Balance at December 31, 2020                                     |                                                                  |        |        |        |              |           |                                                   |             |           |        |                                                       |           |                                     |        |                                     |        |                                                             |             |
| Balance at December 31, 2020                                     |                                                                  |        |        |        |              |           |                                                   |             |           |        |                                                       |           |                                     |        |                                     |        |                                                             |             |
| Balance at December 31, 2020                                     | Balance at December 31, 2020                                     | 1,600  | \$ 16  | 38,275 | \$ 382       | \$541,870 | \$ (266,010)                                      | \$ (15,088) | \$261,170 | 5,031  | \$106,949                                             | —         | \$ —                                | —      | \$ —                                | \$ —   | \$ 27,655                                                   |             |
| Purchase of common stock                                         | Purchase of common stock                                         | —      | —      | (50)   | —            | (348)     | —                                                 | —           | (348)     | —      | —                                                     | —         | —                                   | —      | —                                   | —      | —                                                           |             |
| Equity-based compensation                                        | Equity-based compensation                                        | —      | —      | —      | —            | 6,891     | —                                                 | —           | 6,891     | —      | —                                                     | —         | —                                   | —      | —                                   | —      | 3,292                                                       |             |
| Issuance of common stock                                         | Issuance of common stock                                         | —      | —      | 18,243 | 183          | 102,134   | —                                                 | —           | 102,317   | —      | —                                                     | —         | —                                   | —      | —                                   | —      | —                                                           |             |
| Issuance of preferred stock                                      | Issuance of preferred stock                                      | —      | —      | —      | —            | —         | —                                                 | —           | —         | —      | —                                                     | 1,710     | 36,211                              | 29     | 582                                 | —      | —                                                           |             |
| Issuance of restricted shares/units                              | Issuance of restricted shares/units                              | —      | —      | 764    | 8            | (8)       | —                                                 | —           | —         | —      | —                                                     | —         | —                                   | —      | —                                   | —      | —                                                           |             |
| Issuance of common units for hotel acquisition                   | Issuance of common units for hotel acquisition                   | —      | —      | —      | —            | —         | —                                                 | —           | —         | —      | —                                                     | —         | —                                   | —      | —                                   | —      | 13,175                                                      |             |
| Forfeiture of restricted common shares                           | Forfeiture of restricted common shares                           | —      | —      | (26)   | —            | —         | —                                                 | —           | —         | —      | —                                                     | —         | —                                   | —      | —                                   | —      | —                                                           |             |
| PSU dividend claw back upon cancellation                         | PSU dividend claw back upon cancellation                         | —      | —      | —      | —            | —         | 143                                               | —           | 143       | —      | —                                                     | —         | —                                   | —      | —                                   | —      | —                                                           |             |
| Dividends declared – preferred stock - Series B (\$1.3750/share) | Dividends declared – preferred stock - Series B (\$1.3750/share) | —      | —      | —      | —            | —         | (4,747)                                           | —           | (4,747)   | —      | —                                                     | —         | —                                   | —      | —                                   | —      | —                                                           |             |
| Dividends declared – preferred stock - Series D (\$2.0625/share) | Dividends declared – preferred stock - Series D (\$2.0625/share) | —      | —      | —      | —            | —         | (3,300)                                           | —           | (3,300)   | —      | —                                                     | —         | —                                   | —      | —                                   | —      | —                                                           |             |
| Dividends declared – preferred stock - Series B (\$1.38 /share)  | Dividends declared – preferred stock - Series B (\$1.38 /share)  | —      | —      | —      | —            | —         | (683)                                             | —           | (683)     | —      | —                                                     | —         | —                                   | —      | —                                   | —      | —                                                           |             |
| Dividends declared – preferred stock - Series E (\$1.00/share)   | Dividends declared – preferred stock - Series E (\$1.00/share)   | —      | —      | —      | —            | —         | (683)                                             | —           | (683)     | —      | —                                                     | —         | —                                   | —      | —                                   | —      | —                                                           |             |
| Dividends declared – preferred stock - Series M (\$0.85/share)   | Dividends declared – preferred stock - Series M (\$0.85/share)   | —      | —      | —      | —            | —         | (15)                                              | —           | (15)      | —      | —                                                     | —         | —                                   | —      | —                                   | —      | —                                                           |             |
| Contributions from noncontrolling interests                      | Contributions from noncontrolling interests                      | —      | —      | —      | —            | —         | —                                                 | 1,189       | 1,189     | —      | —                                                     | —         | —                                   | —      | —                                   | —      | —                                                           |             |



|                                        |                                        |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
|----------------------------------------|----------------------------------------|--------------|--------------|---------------|---------------|-------------------|---------------------|--------------------|-------------------|--------------|------------------|--------------|------------------|-----------|---------------|------------------|
| Performance LTIP                       | Performance LTIP                       |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
| dividend claw back                     | dividend claw back                     |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
| upon cancellation                      | upon cancellation                      | —            | —            | —             | —             | —                 | —                   | —                  | —                 | —            | —                | —            | —                | —         | —             | 38               |
| Redemption/conversion                  | Redemption/conversion                  |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
| of operating                           | of operating                           |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
| partnership units                      | partnership units                      | —            | —            | 868           | 9             | 4,575             | —                   | —                  | 4,584             | —            | —                | —            | —                | —         | —             | (4,584)          |
| Net income (loss)                      | Net income (loss)                      | —            | —            | —             | —             | —                 | (26,664)            | (2,650)            | (29,314)          | —            | —                | —            | —                | —         | —             | (3,597)          |
| Extinguishment of                      | Extinguishment of                      |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
| preferred stock                        | preferred stock                        | —            | —            | 7,291         | 71            | 46,047            | (4,595)             | —                  | 41,523            | (1,953)      | (41,523)         | —            | —                | —         | —             | —                |
| Equity component of                    | Equity component of                    |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
| Convertible Senior                     | Convertible Senior                     |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
| Notes                                  | Notes                                  | —            | —            | —             | —             | 6,257             | —                   | —                  | 6,257             | —            | —                | —            | —                | —         | —             | —                |
| Redemption value                       | Redemption value                       |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
| adjustment - preferred                 | adjustment - preferred                 | —            | —            | —             | —             | —                 | (3,261)             | —                  | (3,261)           | —            | —                | —            | 3,128            | —         | 133           | —                |
| stock                                  | stock                                  |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
| Redemption value                       | Redemption value                       |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
| adjustment                             | adjustment                             | —            | —            | —             | —             | —                 | (108)               | —                  | (108)             | —            | —                | —            | —                | —         | —             | 108              |
| Balance at December                    | Balance at December                    |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
| 31, 2021                               | 31, 2021                               | <u>1,600</u> | <u>\$ 16</u> | <u>65,365</u> | <u>\$ 653</u> | <u>\$ 707,418</u> | <u>\$ (309,240)</u> | <u>\$ (16,549)</u> | <u>\$ 382,298</u> | <u>3,078</u> | <u>\$ 65,426</u> | <u>1,710</u> | <u>\$ 39,339</u> | <u>29</u> | <u>\$ 715</u> | <u>\$ 36,087</u> |
| Purchase of common                     | Purchase of common                     |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
| stock                                  | stock                                  | —            | —            | (1,773)       | (17)          | (7,448)           | —                   | —                  | (7,465)           | —            | —                | —            | —                | —         | —             | —                |
| Impact of adoption of                  | Impact of adoption of                  |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
| new accounting                         | new accounting                         |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
| standard                               | standard                               | —            | —            | —             | —             | (6,257)           | 656                 | —                  | (5,601)           | —            | —                | —            | —                | —         | —             | —                |
| Equity-based                           | Equity-based                           |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
| compensation                           | compensation                           | —            | —            | —             | —             | 5,475             | —                   | —                  | 5,475             | —            | —                | —            | —                | —         | —             | 5,810            |
| Issuance of common                     | Issuance of common                     |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
| stock                                  | stock                                  | —            | —            | 6,000         | 60            | 34,944            | —                   | —                  | 35,004            | —            | —                | —            | —                | —         | —             | —                |
| Issuance of preferred                  | Issuance of preferred                  |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
| stock                                  | stock                                  | —            | —            | —             | —             | —                 | —                   | —                  | —                 | —            | —                | 10,961       | 245,827          | 1,404     | 33,922        | —                |
| Issuance of restricted                 | Issuance of restricted                 |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
| shares/units                           | shares/units                           | —            | —            | 349           | 3             | 2                 | —                   | —                  | 5                 | —            | —                | —            | —                | —         | —             | —                |
| Forfeiture of restricted common shares | Forfeiture of restricted common shares |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
| Forfeiture of restricted common shares | Forfeiture of restricted common shares |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
| Forfeiture of restricted common shares | Forfeiture of restricted common shares |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
| PSU dividend claw                      | PSU dividend claw                      |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
| back upon cancellation                 | back upon cancellation                 |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
| Dividends declared -                   | Dividends declared -                   |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
| common stock -                         | common stock -                         |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
| (\$0.00/share)                         | (\$0.00/share)                         |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
| Dividends declared -                   | Dividends declared -                   |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
| preferred stock - Series               | preferred stock - Series               |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
| B (\$1.38 /share)                      | B (\$1.38 /share)                      |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
| Dividends declared -                   | Dividends declared -                   |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
| preferred stock - Series               | preferred stock - Series               |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
| D (\$2.06 /share)                      | D (\$2.06 /share)                      |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
| Dividends declared -                   | Dividends declared -                   |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
| preferred stock - Series               | preferred stock - Series               |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
| E (\$1.97/share)                       | E (\$1.97/share)                       |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
| Dividends declared -                   | Dividends declared -                   |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
| preferred stock - Series               | preferred stock - Series               |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
| M (\$2.05/share)                       | M (\$2.05/share)                       |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
| Contributions from                     | Contributions from                     |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
| noncontrolling interests               | noncontrolling interests               |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
| Distributions to                       | Distributions to                       |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
| noncontrolling interests               | noncontrolling interests               |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
| Performance LTIP                       | Performance LTIP                       |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
| dividend claw back                     | dividend claw back                     |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
| upon cancellation                      | upon cancellation                      |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
| Net income (loss)                      | Net income (loss)                      |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
| Net income (loss)                      | Net income (loss)                      |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
| Net income (loss)                      | Net income (loss)                      |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |
| Redemptions of preferred stock         | Redemptions of preferred stock         |              |              |               |               |                   |                     |                    |                   |              |                  |              |                  |           |               |                  |

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| Redemptions of preferred stock |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Redemptions of preferred stock |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Redemption value               |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| adjustment - preferred stock   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Redemption value adjustment    |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|                                |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|                                |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|                                |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|                                |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|                                |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|                                |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|                                |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|                                |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

|                                                                |                                               |       |       |        |        |            |              |             |            |       |           |        |            |       |           |           |
|----------------------------------------------------------------|-----------------------------------------------|-------|-------|--------|--------|------------|--------------|-------------|------------|-------|-----------|--------|------------|-------|-----------|-----------|
| common stock - \$0.20/share)                                   |                                               |       |       |        |        |            |              |             |            |       |           |        |            |       |           |           |
| Dividends declared - common stock - \$0.20/share)              |                                               |       |       |        |        |            |              |             |            |       |           |        |            |       |           |           |
| Dividends declared - common stock - \$0.20/share)              |                                               |       |       |        |        |            |              |             |            |       |           |        |            |       |           |           |
| Dividends declared - preferred stock - Series B (\$1.38/share) |                                               |       |       |        |        |            |              |             |            |       |           |        |            |       |           |           |
| Dividends declared - preferred stock - Series D (\$2.06/share) |                                               |       |       |        |        |            |              |             |            |       |           |        |            |       |           |           |
| Dividends declared - preferred stock - Series E (\$1.91/share) |                                               |       |       |        |        |            |              |             |            |       |           |        |            |       |           |           |
| Dividends declared - preferred stock - Series M (\$2.07/share) |                                               |       |       |        |        |            |              |             |            |       |           |        |            |       |           |           |
| Contributions from noncontrolling interests                    | Contributions from noncontrolling interests   | —     | —     | —      | —      | —          | —            | 164         | 164        | —     | —         | —      | —          | —     | —         | —         |
| Distributions to noncontrolling interests                      | Distributions to noncontrolling interests     | —     | —     | —      | —      | —          | —            | (2,024)     | (2,024)    | —     | —         | —      | —          | —     | —         | (665)     |
| Performance LTIP dividend claw back upon cancellation          |                                               | —     | —     | —      | —      | —          | —            | —           | —          | —     | —         | —      | —          | —     | —         | 4         |
| Redemption/conversion of operating partnership units           |                                               |       |       |        |        |            |              |             |            |       |           |        |            |       |           |           |
| Redemption/conversion of operating partnership units           |                                               |       |       |        |        |            |              |             |            |       |           |        |            |       |           |           |
| Redemption/conversion of operating partnership units           |                                               |       |       |        |        |            |              |             |            |       |           |        |            |       |           |           |
| Net income (loss)                                              | Net income (loss)                             | —     | —     | —      | —      | —          | 17,761       | 2,063       | 19,824     | —     | —         | —      | —          | —     | —         | (476)     |
| Redemptions of preferred stock                                 | Redemptions of preferred stock                | —     | —     | —      | —      | —          | —            | —           | —          | —     | —         | (14)   | (365)      | (5)   | (134)     | —         |
| Redemptions of preferred stock                                 |                                               |       |       |        |        |            |              |             |            |       |           |        |            |       |           |           |
| Redemptions of preferred stock                                 |                                               |       |       |        |        |            |              |             |            |       |           |        |            |       |           |           |
| Redemption value adjustment - preferred stock                  | Redemption value adjustment - preferred stock | —     | —     | —      | —      | —          | (6,954)      | —           | (6,954)    | —     | —         | —      | 6,275      | —     | 679       | —         |
| Redemption value adjustment                                    | Redemption value adjustment                   | —     | —     | —      | —      | —          | 205          | —           | 205        | —     | —         | —      | —          | —     | —         | (205)     |
| Balance at December 31, 2022                                   |                                               |       |       |        |        |            |              |             |            |       |           |        |            |       |           |           |
|                                                                |                                               | 1,600 | \$ 16 | 69,919 | \$ 699 | \$ 734,134 | \$ (324,740) | \$ (16,346) | \$ 393,763 | 3,078 | \$ 65,426 | 12,657 | \$ 291,076 | 1,428 | \$ 35,182 | \$ 40,555 |
| Balance at December 31, 2023                                   |                                               |       |       |        |        |            |              |             |            |       |           |        |            |       |           |           |

See Notes to Consolidated Financial Statements.

**BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)

|                                      |                   | Year Ended December 31, |             |              |
|--------------------------------------|-------------------|-------------------------|-------------|--------------|
|                                      |                   | 2022                    | 2021        | 2020         |
| Year Ended December 31,              |                   | Year Ended December 31, |             |              |
| 2023                                 |                   | 2023                    | 2022        | 2021         |
| CASH FLOWS                           | CASH FLOWS        |                         |             |              |
| FROM                                 | FROM              |                         |             |              |
| OPERATING                            | OPERATING         |                         |             |              |
| ACTIVITIES                           | ACTIVITIES        |                         |             |              |
| CASH FLOWS FROM                      |                   |                         |             |              |
| OPERATING ACTIVITIES                 |                   |                         |             |              |
| CASH FLOWS FROM                      |                   |                         |             |              |
| OPERATING ACTIVITIES                 |                   |                         |             |              |
| Net income (loss)                    | Net income (loss) | \$ 19,348               | \$ (32,911) | \$ (124,677) |
| Adjustments to reconcile net income  |                   |                         |             |              |
| (loss) to net cash flows provided by |                   |                         |             |              |
| (used in) operating activities:      |                   |                         |             |              |
| Net income (loss)                    |                   |                         |             |              |
| Net income (loss)                    |                   |                         |             |              |
| Adjustments to                       |                   |                         |             |              |
| reconcile net                        |                   |                         |             |              |
| income (loss) to                     |                   |                         |             |              |
| net cash provided                    |                   |                         |             |              |
| by (used in)                         |                   |                         |             |              |
| operating                            |                   |                         |             |              |
| activities:                          |                   |                         |             |              |
| Depreciation and amortization        |                   |                         |             |              |
| Depreciation and amortization        |                   |                         |             |              |
| Depreciation                         | Depreciation      |                         |             |              |
| and                                  | and               |                         |             |              |
| amortization                         | amortization      | 78,122                  | 73,762      | 73,371       |
| Equity-based                         | Equity-based      |                         |             |              |
| compensation                         | compensation      | 11,285                  | 10,183      | 7,892        |
| Bad debt                             | Bad debt          |                         |             |              |
| expense                              | expense           | 838                     | 436         | 727          |
| (Gain) loss on                       |                   |                         |             |              |
| extinguishment                       |                   |                         |             |              |
| of debt                              |                   |                         |             |              |
| Amortization of                      | Amortization of   |                         |             |              |
| loan costs,                          | loan costs,       |                         |             |              |
| discounts and                        | discounts and     |                         |             |              |
| capitalized                          | capitalized       |                         |             |              |
| default interest                     | default interest  | (816)                   | (205)       | 854          |
| Write-off of loan                    | Write-off of loan |                         |             |              |
| costs and exit                       | costs and exit    |                         |             |              |
| fees                                 | fees              | 146                     | 1,963       | 3,920        |
| Amortization of                      | Amortization of   |                         |             |              |
| intangibles                          | intangibles       | 474                     | 512         | 834          |
| Amortization of                      | Amortization of   |                         |             |              |
| non-refundable                       | non-refundable    |                         |             |              |
| membership                           | membership        |                         |             |              |
| initiation fees                      | initiation fees   | (1,470)                 | (1,029)     | (440)        |
| Interest                             | Interest          |                         |             |              |
| expense                              | expense           |                         |             |              |
| accretion on                         | accretion on      |                         |             |              |
| refundable                           | refundable        |                         |             |              |
| membership                           | membership        |                         |             |              |
| club deposits                        | club deposits     | 723                     | 772         | 818          |

|                                                                                             |                                                                                             |         |          |          |
|---------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|---------|----------|----------|
| (Gain) loss on insurance settlement and disposition of assets                               | (Gain) loss on insurance settlement and disposition of assets                               | —       | (696)    | (10,149) |
| (Gain) loss on insurance settlement and disposition of assets                               |                                                                                             |         |          |          |
| (Gain) loss on insurance settlement and disposition of assets                               |                                                                                             |         |          |          |
| Realized and unrealized (gain) loss on derivatives                                          | Realized and unrealized (gain) loss on derivatives                                          | (4,961) | (32)     | (24)     |
| Net settlement of trading derivatives                                                       |                                                                                             | —       | —        | 698      |
| Realized and unrealized (gain) loss on derivatives                                          |                                                                                             |         |          |          |
| Realized and unrealized (gain) loss on derivatives                                          |                                                                                             |         |          |          |
| Equity in (earnings) loss of unconsolidated entity                                          |                                                                                             |         |          |          |
| Equity in (earnings) loss of unconsolidated entity                                          |                                                                                             |         |          |          |
| Equity in (earnings) loss of unconsolidated entity                                          | Equity in (earnings) loss of unconsolidated entity                                          | 328     | 252      | 217      |
| Deferred income tax expense (benefit)                                                       | Deferred income tax expense (benefit)                                                       | 51      | (174)    | (956)    |
| Changes in operating assets and liabilities, exclusive of the effect of hotel acquisitions: | Changes in operating assets and liabilities, exclusive of the effect of hotel acquisitions: |         |          |          |
| Changes in operating assets and liabilities, exclusive of the effect of hotel acquisitions: |                                                                                             |         |          |          |
| Changes in operating assets and liabilities, exclusive of the effect of hotel acquisitions: |                                                                                             |         |          |          |
| Accounts receivable and inventories                                                         |                                                                                             |         |          |          |
| Accounts receivable and inventories                                                         |                                                                                             |         |          |          |
| Accounts receivable and inventories                                                         | Accounts receivable and inventories                                                         | (9,088) | (11,036) | 4,057    |
| Prepaid expenses and other assets                                                           |                                                                                             |         |          |          |

|                                                     |                                                     |         |          |          |
|-----------------------------------------------------|-----------------------------------------------------|---------|----------|----------|
| Prepaid expenses and other assets                   |                                                     |         |          |          |
| Prepaid expenses and other assets                   | Prepaid expenses and other assets                   | (501)   | (793)    | (1,460)  |
| Accounts payable and accrued expenses               | Accounts payable and accrued expenses               | 1,650   | 35,976   | (10,499) |
| Operating lease right-of-use assets                 | Operating lease right-of-use assets                 | 588     | 574      | 541      |
| Due to/from related parties, net                    | Due to/from related parties, net                    | 832     | (779)    | (440)    |
| Due to/from third-party hotel managers              | Due to/from third-party hotel managers              | 2,590   | (15,491) | 4,075    |
| Due to/from third-party hotel managers              |                                                     |         |          |          |
| Due to/from third-party hotel managers              |                                                     |         |          |          |
| Due to/from Ashford Inc.                            |                                                     |         |          |          |
| Due to/from Ashford Inc.                            |                                                     |         |          |          |
| Due to/from Ashford Inc.                            | Due to/from Ashford Inc.                            | 8,249   | 720      | (1,674)  |
| Operating lease liabilities                         | Operating lease liabilities                         | (294)   | (268)    | (223)    |
| Other liabilities                                   | Other liabilities                                   | 1,389   | 2,214    | 2,251    |
| Net cash provided by (used in) operating activities | Net cash provided by (used in) operating activities | 109,483 | 63,950   | (50,287) |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>         | <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>         |         |          |          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>         |                                                     |         |          |          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>         |                                                     |         |          |          |
| Proceeds from property insurance                    |                                                     |         |          |          |
| Proceeds from property insurance                    |                                                     |         |          |          |
| Proceeds from property insurance                    | Proceeds from property insurance                    | 36      | —        | 9,037    |
| Net proceeds from disposition of assets             | Net proceeds from disposition of assets             | —       | 1,816    | —        |

|                                                                           |                                                                           |           |          |          |
|---------------------------------------------------------------------------|---------------------------------------------------------------------------|-----------|----------|----------|
| Proceeds from hotel management agreement amendment                        | Proceeds from hotel management agreement amendment                        | 1,667     | —        | —        |
| Payments for initial franchise fee                                        |                                                                           |           |          |          |
| Acquisition of hotel properties, net of cash and restricted cash acquired | Acquisition of hotel properties, net of cash and restricted cash acquired | (354,445) | (17,615) | —        |
| Investment in unconsolidated entity                                       | Investment in unconsolidated entity                                       | (328)     | (233)    | (26)     |
| Investment in unconsolidated entity                                       |                                                                           |           |          |          |
| Investment in unconsolidated entity                                       |                                                                           |           |          |          |
| Improvements and additions to hotel properties                            |                                                                           |           |          |          |
| Improvements and additions to hotel properties                            |                                                                           |           |          |          |
| Improvements and additions to hotel properties                            | Improvements and additions to hotel properties                            | (49,148)  | (25,644) | (25,552) |
| Net cash provided by (used in) investing activities                       | Net cash provided by (used in) investing activities                       | (402,218) | (41,676) | (16,541) |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                               | <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                               |           |          |          |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                               |                                                                           |           |          |          |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                               |                                                                           |           |          |          |
| Borrowings on indebtedness                                                |                                                                           |           |          |          |
| Borrowings on indebtedness                                                |                                                                           |           |          |          |
| Borrowings on indebtedness                                                | Borrowings on indebtedness                                                | 170,500   | 83,231   | 109,317  |
| Repayments of indebtedness                                                | Repayments of indebtedness                                                | (68,500)  | (84,224) | (47,822) |
| Payments of loan costs and exit fees                                      | Payments of loan costs and exit fees                                      | (4,080)   | (1,898)  | (6,485)  |
| Payments for derivatives                                                  | Payments for derivatives                                                  | (3,030)   | (200)    | (92)     |
| Proceeds from derivatives                                                 | Proceeds from derivatives                                                 | 167       | —        | —        |
| Purchase of common stock                                                  | Purchase of common stock                                                  | (7,411)   | (376)    | (263)    |



|                                                                     |                                                                     |          |         |          |
|---------------------------------------------------------------------|---------------------------------------------------------------------|----------|---------|----------|
| Payments for dividends and distributions                            | Payments for dividends and distributions                            | (20,763) | (9,088) | (16,154) |
| Proceeds from issuance of preferred stock                           |                                                                     | 278,621  | 36,855  | 474      |
| Payments for dividends and distributions                            |                                                                     |          |         |          |
| Payments for dividends and distributions                            |                                                                     |          |         |          |
| Net proceeds from issuance of preferred stock                       |                                                                     |          |         |          |
| Proceeds from issuance of common stock                              | Proceeds from issuance of common stock                              | —        | 102,461 | 13,259   |
| Common stock offering costs                                         | Common stock offering costs                                         | (112)    | —       | —        |
| Contributions from noncontrolling interest in consolidated entities | Contributions from noncontrolling interest in consolidated entities | 164      | 1,189   | —        |
| Contributions from noncontrolling interest in consolidated entities |                                                                     |          |         |          |
| Contributions from noncontrolling interest in consolidated entities |                                                                     |          |         |          |
| Redemption of operating partnership units                           |                                                                     |          |         |          |
| Redemption of operating partnership units                           |                                                                     |          |         |          |
| Redemption of operating partnership units                           |                                                                     |          |         |          |
| Distributions to noncontrolling interest in consolidated entities   | Distributions to noncontrolling interest in consolidated entities   | —        | —       | (2,639)  |
| Redemption of preferred stock                                       | Redemption of preferred stock                                       | (499)    | —       | —        |
| Redemption of preferred stock                                       |                                                                     |          |         |          |
| Redemption of preferred stock                                       |                                                                     |          |         |          |
| Net cash provided by (used in) financing activities                 |                                                                     |          |         |          |
| Net cash provided by (used in) financing activities                 |                                                                     |          |         |          |
| Net cash provided by (used in) financing activities                 | Net cash provided by (used in) financing activities                 | 345,057  | 127,950 | 49,595   |
| Net change in cash, cash equivalents and restricted cash            | Net change in cash, cash equivalents and restricted cash            | 52,322   | 150,224 | (17,233) |

|                                                                   |                                                                   |            |            |            |
|-------------------------------------------------------------------|-------------------------------------------------------------------|------------|------------|------------|
| Cash, cash equivalents and restricted cash at beginning of period | Cash, cash equivalents and restricted cash at beginning of period | 263,374    | 113,150    | 130,383    |
| Cash, cash equivalents and restricted cash at end of period       | Cash, cash equivalents and restricted cash at end of period       | \$ 315,696 | \$ 263,374 | \$ 113,150 |
| Cash, cash equivalents and restricted cash at end of period       |                                                                   |            |            |            |
| Cash, cash equivalents and restricted cash at end of period       |                                                                   |            |            |            |

| Year Ended December 31, |      |      |  |
|-------------------------|------|------|--|
| 2022                    | 2021 | 2020 |  |

| Year Ended December 31, |  | Year Ended December 31, |      |      |
|-------------------------|--|-------------------------|------|------|
| 2023                    |  | 2023                    | 2022 | 2021 |

|                                                                               |                                                                               |           |           |           |
|-------------------------------------------------------------------------------|-------------------------------------------------------------------------------|-----------|-----------|-----------|
| <b>SUPPLEMENTAL CASH FLOW INFORMATION</b>                                     | <b>SUPPLEMENTAL CASH FLOW INFORMATION</b>                                     |           |           |           |
| <b>SUPPLEMENTAL CASH FLOW INFORMATION</b>                                     | <b>SUPPLEMENTAL CASH FLOW INFORMATION</b>                                     |           |           |           |
| Interest paid                                                                 | Interest paid                                                                 | \$ 48,901 | \$ 31,635 | \$ 27,900 |
| Income taxes paid (refunded)                                                  | Income taxes paid (refunded)                                                  | 1,239     | (14)      | 140       |
| <b>SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES</b> | <b>SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES</b> |           |           |           |
| Dividends and distributions declared but not paid                             | Dividends and distributions declared but not paid                             | \$ 8,184  | \$ 2,173  | \$ 2,736  |
| Dividends and distributions declared but not paid                             | Dividends and distributions declared but not paid                             |           |           |           |
| Common stock purchases accrued but not paid                                   | Common stock purchases accrued but not paid                                   |           |           |           |
| Common stock purchases accrued but not paid                                   | Common stock purchases accrued but not paid                                   |           |           |           |
| Common stock purchases accrued but not paid                                   | Common stock purchases accrued but not paid                                   | 54        | —         | 28        |
| Issuance of common units for hotel acquisition                                | Issuance of common units for hotel acquisition                                | —         | 13,175    | —         |

|                                                                                           |                                                                                           |        |        |       |
|-------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|--------|--------|-------|
| Issuance of warrants in hotel acquisition                                                 | Issuance of warrants in hotel acquisition                                                 | —      | 1,528  | —     |
| Assumption of debt in hotel acquisition                                                   | Assumption of debt in hotel acquisition                                                   | 58,601 | 49,815 | —     |
| Capital expenditures accrued but not paid                                                 | Capital expenditures accrued but not paid                                                 | 6,702  | 4,564  | 8,993 |
| Issuance of common stock for hotel acquisition                                            | Issuance of common stock for hotel acquisition                                            | 35,040 | —      | —     |
| Non-cash extinguishment of preferred stock                                                |                                                                                           |        |        |       |
| Non-cash loan proceeds associated with accrued interest                                   |                                                                                           |        |        |       |
|                                                                                           |                                                                                           | —      | —      | 2,229 |
| Distributions declared but not paid to a noncontrolling interest in a consolidated entity | Distributions declared but not paid to a noncontrolling interest in a consolidated entity | 2,024  | —      | —     |
| Non-cash loan principal associated with default interest and late charges                 |                                                                                           |        |        |       |
|                                                                                           |                                                                                           | —      | —      | 9,859 |
| Non-cash extinguishment of preferred stock                                                |                                                                                           |        |        |       |
|                                                                                           |                                                                                           | —      | 41,523 | —     |
| Distributions declared but not paid to a noncontrolling interest in a consolidated entity |                                                                                           |        |        |       |
| Distributions declared but not paid to a noncontrolling interest in a consolidated entity |                                                                                           |        |        |       |
| Issuance of common stock from preferred stock exchange                                    |                                                                                           |        |        |       |
| Issuance of common stock from preferred stock exchange                                    |                                                                                           |        |        |       |
| Issuance of common stock from preferred stock exchange                                    | Issuance of common stock from preferred stock exchange                                    | —      | 46,118 | —     |
| Accrued common stock offering expense                                                     | Accrued common stock offering expense                                                     | —      | 76     | —     |
| Unsettled common stock offering proceeds                                                  |                                                                                           |        |        |       |
|                                                                                           |                                                                                           | —      | —      | 68    |
| Accrued preferred stock offering expenses                                                 |                                                                                           |        |        |       |
| Accrued preferred stock offering expenses                                                 |                                                                                           |        |        |       |
| Accrued preferred stock offering expenses                                                 | Accrued preferred stock offering expenses                                                 | 23     | 101    | —     |

|                                                                              |                                                                              |           |           |           |
|------------------------------------------------------------------------------|------------------------------------------------------------------------------|-----------|-----------|-----------|
| Non-cash preferred stock dividends                                           | Non-cash preferred stock dividends                                           | 1,050     | 39        | —         |
| Non-cash common stock dividends                                              | Non-cash common stock dividends                                              | 5         | —         | —         |
| Unsettled proceeds from derivatives                                          | Unsettled proceeds from derivatives                                          | 330       | —         | —         |
| Non-cash PSU dividends                                                       |                                                                              |           |           |           |
| <b>SUPPLEMENTAL DISCLOSURE OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b> | <b>SUPPLEMENTAL DISCLOSURE OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b> |           |           |           |
| Cash and cash equivalents at beginning of period                             |                                                                              |           |           |           |
| Cash and cash equivalents at beginning of period                             |                                                                              |           |           |           |
| Cash and cash equivalents at beginning of period                             | Cash and cash equivalents at beginning of period                             | \$215,998 | \$ 78,606 | \$ 71,995 |
| Restricted cash at beginning of period                                       | Restricted cash at beginning of period                                       | 47,376    | 34,544    | 58,388    |
| Restricted cash at beginning of period                                       |                                                                              |           |           |           |
| Restricted cash at beginning of period                                       |                                                                              |           |           |           |
| Cash, cash equivalents and restricted cash at beginning of period            |                                                                              |           |           |           |
| Cash, cash equivalents and restricted cash at beginning of period            |                                                                              |           |           |           |
| Cash, cash equivalents and restricted cash at beginning of period            |                                                                              |           |           |           |
| Cash, cash equivalents and restricted cash at beginning of period            | Cash, cash equivalents and restricted cash at beginning of period            | \$263,374 | \$113,150 | \$130,383 |
| Cash and cash equivalents at end of period                                   | Cash and cash equivalents at end of period                                   | \$261,541 | \$215,998 | \$ 78,606 |
| Cash and cash equivalents at end of period                                   |                                                                              |           |           |           |
| Cash and cash equivalents at end of period                                   |                                                                              |           |           |           |
| Restricted cash at end of period                                             |                                                                              |           |           |           |
| Restricted cash at end of period                                             |                                                                              |           |           |           |
| Restricted cash at end of period                                             | Restricted cash at end of period                                             | 54,155    | 47,376    | 34,544    |
| Cash, cash equivalents and restricted cash at end of period                  | Cash, cash equivalents and restricted cash at end of period                  | \$315,696 | \$263,374 | \$113,150 |

Cash, cash equivalents and  
restricted cash at end of period  
Cash, cash equivalents and  
restricted cash at end of period

See Notes to Consolidated Financial Statements.

**BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended December 31, 2022 years ended December 31, 2023, 2021 2022 and 2020 2021

## 1. Organization and Description of Business

Braemar Hotels & Resorts Inc., together with its subsidiaries ("Braemar"), is a Maryland corporation that invests primarily in high revenue per available room ("RevPAR") luxury hotels and resorts. High RevPAR, for purposes of our investment strategy, means RevPAR of at least twice the then-current U.S. national average RevPAR for all hotels as determined by STR, LLC. Braemar has elected to be taxed as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended (the "Code"). Braemar conducts its business and owns substantially all of its assets through its operating partnership, Braemar Hospitality Limited Partnership ("Braemar OP"). Terms such as the "Company," "we," "us" or "our" refers refer to Braemar Hotels & Resorts Inc. and, as the context may require, all entities included in its consolidated financial statements.

We are advised by Ashford Hospitality Advisors LLC ("Ashford LLC" or the "Advisor") through an advisory agreement. Ashford LLC is a subsidiary of Ashford Inc. All of the hotel properties in our portfolio are currently asset-managed by Ashford LLC. We do not have any employees. All of the services that might be provided by employees are provided to us by Ashford LLC.

We do not operate any of our hotel properties directly; instead we employ contractually engage hotel management companies to operate them for us under management contracts. Remington Hotels, Lodging & Hospitality, LLC ("Remington Hospitality"), a subsidiary of Ashford Inc., manages four of our 16 hotel properties. Third-party management companies manage the remaining hotel properties.

Ashford Inc. also provides other products and services to us or our hotel properties through certain entities in which Ashford Inc. has an ownership interest. These products and services include, but are not limited to, design and construction services, debt placement and related services, broker-dealer and distribution services, audio visual services, real estate advisory and brokerage services, insurance policies covering general liability, workers compensation and business automobile claims, insurance claims services, hypoallergenic premium rooms, watersport activities, travel/transportation services, and mobile key technology, technology and cash management services.

The accompanying consolidated financial statements include the accounts of wholly-owned and majority-owned subsidiaries of Braemar OP that as of December 31, 2022 December 31, 2023, own 16 hotel properties in seven states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands ("USVI"). The portfolio includes 14 wholly-owned hotel properties and two hotel properties that are owned through a partnership in which Braemar OP has a controlling interest. These hotel properties represent 4,181 4,192 total rooms, or 3,946 3,957 net rooms, excluding those attributable to our partner. As a REIT, Braemar is required to comply with limitations imposed by the Code related to operating hotels. As of December 31, 2022 December 31, 2023, 15 of our 16 hotel properties were leased by wholly-owned or majority-owned subsidiaries that are treated as taxable REIT subsidiaries ("TRS") for federal income tax purposes (collectively, the TRS entities are referred to as "Braemar TRS"). One hotel property, located in the USVI, is owned by our USVI TRS. Braemar TRS then engages third-party or affiliated hotel management companies to operate the hotel properties under management contracts. Hotel operating results related to the hotel properties are included in the consolidated statements of operations.

As of December 31, 2022 December 31, 2023, 13 of the 16 hotel properties were leased by Braemar's wholly-owned TRS, and the two hotel properties majority-owned through a consolidated partnership were leased to a TRS wholly-owned by such consolidated partnership. Each leased hotel is leased under a percentage lease that provides for each lessee to pay in each calendar month the base rent plus, in each calendar quarter, percentage rent, if any, based on hotel revenues. Lease revenue from Braemar TRS is eliminated in consolidation. The hotel properties are operated under management contracts with Marriott Hotel Services, Inc. LLC ("Marriott"), Hilton Management LLC ("Hilton"), Accor Management US Inc. ("Accor"), Four Seasons Hotels Limited ("Four Seasons"), Hyatt Corporation ("Hyatt"), The Ritz-Carlton Hotel Company, L.L.C. and its affiliates, each of which is also an affiliate of Marriott ("Ritz-Carlton"), and Remington Hotels, Hospitality, which are eligible independent contractors under the Code.

## 2. Significant Accounting Policies

**Basis of Presentation and Principles of Consolidation**—The accompanying consolidated financial statements include the accounts of Braemar Hotels & Resorts Inc., its majority-owned subsidiaries, and its majority-owned entities in which it has a controlling interest. All significant intercompany accounts and transactions between consolidated entities have been eliminated in these consolidated financial statements.

Braemar OP is considered to be a variable interest entity ("VIE"), as defined by authoritative accounting guidance. A VIE must be consolidated by a reporting entity if the reporting entity is the primary beneficiary because it has (i) the power to direct the VIE's activities that most significantly impact the VIE's economic performance and (ii) the obligation to absorb losses of

**BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

the VIE or the right to receive benefits from the VIE. All major decisions related to Braemar OP that most significantly impact its economic performance, including but not limited to operating procedures with respect to business affairs and any

**BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES**

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

acquisitions, dispositions, financings, restructurings or other transactions with sellers, purchasers, lenders, brokers, agents and other applicable representatives, are subject to the approval of our wholly-owned subsidiary, Braemar OP General Partner LLC (formerly Ashford Prime OP General Partner LLC), its general partner. As such, we consolidate Braemar OP.

The following items affect reporting comparability of our historical consolidated financial statements:

- on August 5, 2021 On August 4, 2021, we acquired the Mr. C Cameo Beverly Hills Hotel (formerly known as "Mr. C. Beverly Hills Hotel") and five adjacent luxury residences. The operating results of the hotel property have been included in the results of operations from its acquisition date;
- on March 11, 2022, we acquired The Ritz-Carlton Reserve Dorado Beach hotel located in Dorado, Puerto Rico. The operating results of the hotel property have been included in the results of operations from its acquisition date; and
- on December 1, 2022, we acquired the Four Seasons Resort Scottsdale. The operating results of the hotel property have been included in the results of operations from its acquisition date.

**Use of Estimates**—The preparation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**—Cash and cash equivalents include cash on hand or held in banks and short-term investments with an initial maturity of three months or less at the date of purchase.

**Restricted Cash**—Restricted cash includes reserves for debt service, real estate taxes, and insurance, as well as excess cash flow deposits and reserves for furniture, fixtures, and equipment ("FF&E") replacements of approximately 4% 3% to 5% of property revenue for certain hotels, as required by certain management or mortgage debt agreement restrictions and provisions.

**Accounts Receivable**—Accounts receivable consists primarily of meeting and banquet room rental and hotel guest receivables. We generally do not require collateral. We maintain an allowance for doubtful accounts for estimated losses resulting from the inability of guests to make required payments for services. The allowance is maintained at a level believed adequate to absorb estimated receivable losses. The estimate is based on past receivable loss experience, known and inherent credit risks, current economic conditions, and other relevant factors, including specific reserves for certain accounts.

**Inventories**—Inventories, which primarily consist of food, beverages, and gift store merchandise, are stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out method.

**Investments in Hotel Properties, net**—Hotel properties are generally stated at cost. For hotel properties owned through our majority-owned entities, the carrying basis attributable to the partners' minority ownership is recorded at historical cost, net of any impairment charges, while the carrying basis attributable to our majority ownership is recorded based on the allocated purchase price of our ownership interests in the entities. All improvements and additions which extend the useful life of the hotel properties are capitalized.

For property and equipment acquired in a business combination, we record the sets acquired based on their fair value as of the acquisition date. Replacements and improvements and finance leases are capitalized, while repairs and maintenance are expense as incurred. Property and equipment acquired in an asset acquisition are recorded at cost. The acquisition cost is allocated to land, buildings, improvements, furniture, fixtures and equipment, as well as identifiable intangible and lease assets and liabilities. Acquisition cost is allocated using relative fair values. We evaluate several factors, including weighted market data for similar assets, expected future cash flows discounted at risk adjusted rates, and replacement costs for assets to determine an appropriate exit cost when evaluating the fair values.

**Impairment of Investments in Hotel Properties**—Hotel properties are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Recoverability of the hotel is measured by comparison of the carrying amount of the hotel to the estimated future undiscounted cash flows, which take into account current market conditions and our intent with respect to holding or disposing of the hotel. If our analysis indicates that the carrying value of the hotel is not recoverable on an undiscounted cash flow basis, we recognize an impairment charge for the amount by which the property's net book value exceeds its estimated fair value, or fair value, less cost to sell. In evaluating the impairment of hotel properties, we make many assumptions and estimates, including projected cash flows, expected holding period and expected useful life. Fair value is determined through various valuation techniques, including internally developed discounted cash flow models, comparable market transactions and third-party appraisals, where considered necessary. Asset write-downs resulting from property damage are recorded up to the amount of the allocable property insurance deductible in the period that the property damage occurs. See note 4.

## BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

**Assets Held for Sale and Discontinued Operations**—We classify assets as held for sale when we have obtained a firm commitment from a buyer, and consummation of the sale is considered probable and expected within one year. The related operations of assets held for sale are reported as discontinued if the disposal is a component of an entity or group of components that represents a strategic shift that has (or will have) a major effect on our operations and cash flows. Depreciation and amortization will cease as of the date assets have met the criteria to be deemed held for sale.

**Investment in Unconsolidated Entity**—As of December 31, 2022 December 31, 2023, we held a 7.9% ownership interest in OpenKey, which is accounted for under the equity method of accounting by recording the initial investment and our percentage of interest in the entities' net income/loss. We review our investment in unconsolidated entity for impairment in each reporting period pursuant to the applicable authoritative accounting guidance. An investment is impaired when its estimated fair value is less than the carrying

amount of our investment. Any impairment is recorded in equity in earnings (loss) of unconsolidated entity. **No such impairment was recorded for the years ended December 31, 2022, 2021 and 2020.** See note 5.

Our investment in unconsolidated entity is considered to be a variable interest in the underlying entity. VIEs, as defined by authoritative accounting guidance, must be consolidated by a reporting entity if the reporting entity is the primary beneficiary because it has (i) the power to direct the VIE's activities that most significantly impact the VIE's economic performance and (ii) the obligation to absorb losses of the VIE or the right to receive benefits from the VIE. Because we do not have the power and financial responsibility to direct the unconsolidated entity's activities and operations, we are not considered to be the primary beneficiary of this entity on an ongoing basis and therefore such entity should not be consolidated.

**Leases**—We determine if an arrangement is a lease at the commencement date. Operating leases, as lessee, are included in operating lease right-of-use ("ROU") assets and operating lease liabilities on our consolidated balance sheets. We currently do not have any finance leases.

Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at commencement date in determining the present value of future payments. The operating lease ROU asset also includes any lease payments made and initial direct costs incurred and excludes lease incentives. The lease terms used to calculate our right-of-use asset may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. Subsequent to the initial recognition, lease liabilities are measured using the effective interest method. The ROU asset is generally reduced utilizing a straight-line method adjusted for the lease liability accretion during the period.

We have lease agreements with lease and non-lease components, which under the elected practical expedients under ASC 842, we are not accounting for separately. For certain equipment leases, such as office equipment, copiers and vehicles, we account for the lease and non-lease components as a single lease component.

**Intangible Assets, net**—Intangible assets, net represents the customer relationships associated with The Ritz-Carlton Sarasota acquisition, which are amortized using the straight-line method over its expected useful life, which approximates amortization based on economic consumption. See note 19.

**Derivative Instruments**—We use interest rate derivatives to hedge our risks and to capitalize on the historical correlation between changes in **LIBOR (London Interbank Offered Rate)**, SOFR (Secured Overnight Financing Rate) and RevPAR. Interest rate derivatives could include swaps, caps, floors and floorriders.

All derivatives are recorded at fair value in accordance with the applicable authoritative accounting guidance. None of our derivative instruments are designated as cash flow hedges. Interest rate derivatives are reported as "derivative assets" in our consolidated balance sheets. For interest rate derivatives and credit default swaps, changes in fair value and realized gains and losses are recognized in earnings as "realized and unrealized gain (loss) on derivatives" in our consolidated statements of operations. Accrued interest on interest rate derivatives is included in "accounts receivable, net" in the consolidated balance sheets.

**Due to/from Related Parties, net**—Due to/from related parties, net, represent current receivables and payables resulting from transactions related to hotel management with a related party. Due to/from related parties is generally settled within a period not exceeding one year. See note 15.

## BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

**Due to/from Ashford Inc.**—Due to/from Ashford Inc. represents payables related to the advisory services fee, including reimbursable expenses as well as other hotel products and services. These payables are generally settled within a period not exceeding one year. See note 15.

**Due to/from Third-Party Hotel Managers**—Due to/from third-party hotel managers primarily consists of amounts due from Marriott related to our cash reserves held at the Marriott corporate level related to our operations, real estate taxes, and other items, as well as current receivables and payables resulting from transactions with other third-party managers related to hotel management. These receivables and payables are generally settled within a period not exceeding one year.

**Noncontrolling Interests**—The redeemable noncontrolling interests in the operating partnership represent the limited partners' proportionate share of equity in earnings/losses of the operating partnership, which is an allocation of net income/loss attributable to the common unitholders based on the weighted average ownership percentage of these limited partners' common unit holdings throughout the period. The redeemable noncontrolling interests in our operating partnership is classified in the mezzanine section of our consolidated balance sheets as these redeemable operating partnership units do not meet the requirements for permanent equity classification prescribed by the authoritative accounting guidance because these redeemable operating partnership units may be redeemed by the holder for cash or registered shares in certain cases outside of the Company's control. The carrying value of the noncontrolling interests in the operating partnership is based on the greater of the accumulated historical cost or the redemption value.

The noncontrolling interest in consolidated entities represents an ownership interest of 25% in two hotel properties at **December 31, 2022** **December 31, 2023** and **2021** **2022**, and is reported in equity in our consolidated balance sheets.

Net income/loss attributable to redeemable noncontrolling interests in operating partnership and income/loss from consolidated entities attributable to noncontrolling interests in our consolidated entities are reported as deductions/additions from/to net income/loss. Comprehensive income/loss attributable to these noncontrolling interests is reported as reductions/additions from/to comprehensive income/loss.

**Revenue Recognition**—Rooms revenue represents revenues from the occupancy of our hotel rooms, which is driven by the occupancy and average daily rate. Rooms revenue includes revenue for guest no-shows, day use, and early/late departure fees. The contracts for room stays with customers are generally short in duration and revenues are recognized as services are provided over the course of the hotel stay. Advance deposits are recorded as liabilities when a customer or group of customers provides a deposit for a future stay or banquet event at our hotels. Advance deposits are converted to revenue when the services are provided to the customer or when the customer with a noncancellable reservation fails to arrive for part or all of the reservation. Conversely, advance deposits are generally refundable upon guest cancellation of the related reservation within an established period of time prior to the reservation. Our advance deposit balance as of **December 31, 2022** **December 31, 2023** and **2021** **2022** was **\$46.0 million** **\$49.4 million** and



\$31.8 million \$46.0 million, respectively, and are generally recognized as revenue within a one-year period. These are included in "accounts payable and accrued expenses" on the consolidated balance sheets.

Food & Beverage ("F&B") revenue consists of revenue from the restaurants and lounges at our hotel properties, in-room dining and mini-bars revenue, and banquet/catering revenue from group and social functions. Other F&B revenue may include revenue from audiovisual equipment/services, rental of function rooms, and other F&B related revenues. Revenue is recognized as the services or products are provided. Our hotel properties may employ third parties to provide certain services at the property, for example, audio visual services. We evaluate each of these contracts to determine if the hotel is the principal or the agent in the transaction, and record the revenues as appropriate (i.e. gross vs. net).

Other revenue consists of ancillary revenue at the property, including attrition and cancellation fees, condo management fees, resort and destination fees, health center fees, spas, golf, telecommunications, parking, entertainment and other guest services, as well as rental revenue primarily from leased retail outlets at our hotel properties, and membership initiation fees and dues, primarily from club memberships. Cancellation fees are recognized from non-cancellable deposits when the customer provides notification of cancellation in accordance with established management policy time frames. Non-refundable membership initiation fees are recognized over the expected life of an active membership.

Taxes specifically collected from customers and submitted to taxing authorities are not recorded in revenue. Interest income is recognized when earned.

**Other Hotel Expenses**—Other hotel expenses include Internet, telephone charges, guest laundry, valet parking, hotel-level general and administrative, sales and marketing expenses, repairs and maintenance, franchise fees and utility costs. They are expensed as incurred.

## BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

**Advertising Costs**—Advertising costs are charged to expense as incurred. For the years ended December 31, 2022, December 31, 2023, 2021, 2022 and 2020, 2021, we incurred advertising costs of \$6.5 million \$6.4 million, \$4.0 million \$6.5 million and \$2.1 million \$4.0 million, respectively. Advertising costs are included in "other" hotel expenses in our consolidated statements of operations.

**Equity-Based Compensation**—Stock/unit-based compensation for non-employees is measured at the grant date and expensed ratably over the vesting period based on the original measurement as of the grant date. This results in the recording of expense, included in "advisory services fee," "management fees" and "corporate general and administrative" expense, equal to the ratable amount of the grant date fair value based on the requisite service period satisfied during the period. The 2020 PSU and Performance LTIP unit grants to certain executive officers vest based on time and market conditions and were measured at the grant date fair value based on a Monte Carlo simulation valuation model. Company recognizes forfeitures as they occur.

With respect to the 2021, 2022 and 2022 2023 award agreements, the compensation committee shifted to utilizes a new performance metric, pursuant to which, the performance awards will be eligible to vest, from 0% to 200% of target, based on achievement of certain performance targets over the three-year performance period. The performance criteria are based on performance conditions under the relevant literature. The corresponding compensation cost is recognized ratably over the service period for the award as the service is rendered, based on the grant date fair value of the award. The grant date fair value of the award compensation expense may vary from period to period, as the number of performance grants earned may vary since the estimated probable achievement of certain performance targets may vary from period to period.

**Depreciation and Amortization**—Hotel properties are depreciated over the estimated useful life of the assets and leasehold improvements are amortized over the shorter of the lease term or the estimated useful life of the related assets. Presently, hotel properties are depreciated using the straight-line method over lives ranging from 7.5 to 39 years for buildings and improvements and 1.5 to 5 years for FF&E. While we believe our estimates are reasonable, a change in estimated useful lives could affect depreciation expense and net income (loss) as well as resulting gains or losses on potential hotel sales.

**Income Taxes**—As a REIT, we generally are not subject to federal corporate income tax on the portion of our net income (loss) that does not relate to TRSs. However, Braemar TRS and our USVI TRS are treated as TRSs for U.S. federal income tax purposes. In accordance with authoritative accounting guidance, we account for income taxes related to our TRSs using the asset and liability method under which deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. In addition, the analysis utilized by us in determining our deferred tax asset valuation allowance involves considerable management judgment and assumptions. See note 18.

The entities that own 15 of our 16 hotel properties are considered partnerships for U.S. federal income tax purposes. Partnerships are not subject to U.S. federal income taxes. The partnerships' revenues and expenses pass through Partnerships are not subject to and are taxed U.S. federal income tax on their income. Instead, each of its partners is required to include in income its allocable share of the owners' partnership's income. The states and cities where the partnerships operate follow the U.S. federal income tax treatment, with the exception of the District of Columbia, Puerto Rico and the city of Philadelphia. Accordingly, we provide for income taxes in these jurisdictions for the partnerships. The consolidated entities that operate the 16 hotel properties are considered taxable corporations for U.S. federal, foreign, state, and city income tax purposes and have elected to be TRSs of Braemar.

The "Income Taxes" topic of the FASB's ASC addresses the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. The guidance requires us to determine whether tax positions we have taken or expect to take in a tax return are more likely than not to be sustained upon examination by the appropriate taxing authority based on the technical merits of the positions. Tax positions that do not meet the more likely than not threshold would be recorded as additional tax expense in the current period. We analyze all open tax years, as defined by the statute of limitations for each jurisdiction, which includes the federal jurisdiction and various states. We classify interest and penalties related to underpayment of income taxes as income tax expense. We and our subsidiaries file income tax returns in the U.S. federal jurisdiction, USVI, Puerto Rico and various states and cities. Tax years 2018 2019 through 2022 2023 remain subject to potential examination by certain federal, foreign and state taxing authorities.

**Income (Loss) Per Share**—Basic income (loss) per common share is calculated by dividing net income (loss) attributable to common stockholders by the weighted average common shares outstanding during the period using the two-class method prescribed by applicable authoritative accounting guidance. Diluted income (loss) per common share is calculated using the two-class method, or the treasury stock method, if more dilutive. Diluted income (loss) per common share reflects the potential dilution that could occur if

securities or other contracts to issue common shares were exercised or converted into common shares, whereby such exercise or conversion would result in lower income per share.

**Recently Adopted Accounting Standards**—In August 2020, the Financial Accounting Standards Board ("FASB") issued ASU 2020-06, *Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in*

## BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

**Entity's Own Equity (Subtopic 815-40); Recently Adopted Accounting for Convertible Instruments and Contracts in an Entity's Own Equity Standards** ("ASU 2020-06"), which simplifies the accounting for certain financial instruments with characteristics of liabilities and equity. This ASU: (1) simplifies the accounting for convertible debt instruments and convertible preferred stock by removing the existing guidance in Accounting Standards Codification ("ASC") 470-20, *Debt: Debt with Conversion and Other Options*, that requires entities to account for beneficial conversion features and cash conversion features in equity, separately from the host convertible debt or preferred stock; (2) revises the scope exception from derivative accounting in ASC 815-40 for freestanding financial instruments and embedded features that are both indexed to the issuer's own stock and classified in stockholders' equity, by removing certain criteria required for equity classification; and (3) revises the guidance in ASC 260, *Earnings Per Share*, to require entities to calculate diluted earnings per share ("EPS") for convertible instruments by using the if-converted method. In addition, entities must presume share settlement for purposes of calculating diluted EPS when an instrument may be settled in cash or shares. For SEC filers, excluding smaller reporting companies, this ASU is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Entities should adopt the guidance as of the beginning of the fiscal year of adoption and cannot adopt the guidance in an interim reporting period.

We adopted ASU 2020-06 through the modified retrospective method on January 1, 2022. Upon adoption, our Convertible Senior Notes are recorded as a single debt instrument at amortized cost, instead of being recorded as both a liability and equity. The Company ceased recording non-cash interest expense associated with amortization of the debt discount associated with the conversion features. The adoption of ASU 2020-06 resulted in an adjustment to additional paid-in capital, accumulated deficit, and the carrying value of our Convertible Senior Notes. The impact of adopting ASU 2020-06 includes an increase to "indebtedness, net" and a decrease to stockholders' equity of approximately \$5.6 million. The adoption of this standard did not have a material impact on our consolidated financial statements, beyond the impact to our Convertible Senior Notes described above.

The impact of adoption on our consolidated statement of operations for the year ended December 31, 2022 resulted in a decrease to net interest expense by approximately \$1.1 million relating to the non-cash interest expense associated with amortization of the debt discount. The impact on basic and diluted net loss per share of common stock attributable to common stockholders for the year ended December 31, 2022 was \$(0.02).

—In March 2020, the FASB Financial Accounting Standards Board ("FASB") issued ASU Accounting Standards Update ("ASU") 2020-04, *Reference Rate Reform (Topic 848)* ("ASU 2020-04"), which provides optional guidance through December 31, 2022 to ease the potential burden in accounting for, or recognizing the effects of, reference rate reform on financial reporting. In January 2021, the FASB issued ASU 2021-01, *Reference Rate Reform (Topic 848), Scope*, which further clarified the scope of the reference rate reform optional practical expedients and exceptions outlined in Topic 848. The amendments in ASU Nos. 2020-04 and 2021-01 apply to contract modifications that replace a reference rate affected by reference rate reform, providing optional expedients regarding the measurement of hedge effectiveness in hedging relationships that have been modified to replace a reference rate. In December 2022, the FASB issued ASU 2022-06, *Reference Rate Reform (Topic 848)* ("ASU 2022-06"), which deferred the sunset date of Topic 848 from December 31, 2022 to December 31, 2024. The Company applied the optional expedient in evaluating debt modifications converting from LIBOR London Interbank Offered Rate ("LIBOR") to SOFR, Secured Overnight Financing Rate ("SOFR"). The Company adopted the standards upon the respective effective dates. There was no material impact as a result of this adoption.

**Recently Issued Accounting Standards**—In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which expands annual and interim disclosure requirements for reportable segments, primarily through enhanced disclosures about significant segment expenses. ASU 2023-07 is effective for our annual periods beginning January 1, 2024, and for interim periods beginning January 1, 2025, with early adoption permitted. We are currently evaluating the impact that ASU 2023-07 will have on our financial statement disclosures.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which eliminated the historic requirement that entities disclose information concerning unrecognized tax benefits having a reasonable possibility of significantly increasing or decreasing in the 12 months following the reporting date. For public business entities, the amendments in this Update are effective for annual periods beginning after December 15, 2024. We are currently evaluating the impact that ASU 2023-09 will have on our consolidated financial statements and related disclosures.

### 3. Revenue

The following tables present our revenue disaggregated by geographical areas (in thousands):

| Primary Geographical Market | Year Ended December 31, 2023 |            |                   |             |            |
|-----------------------------|------------------------------|------------|-------------------|-------------|------------|
|                             | Number of Hotels             | Rooms      | Food and Beverage | Other Hotel | Total      |
| California                  | 6                            | \$ 127,147 | \$ 42,988         | \$ 21,028   | \$ 191,163 |
| Puerto Rico                 | 1                            | 50,436     | 18,214            | 11,595      | 80,245     |
| Arizona                     | 1                            | 35,789     | 23,803            | 8,074       | 67,666     |
| Colorado                    | 1                            | 25,351     | 14,888            | 9,096       | 49,335     |
| Florida                     | 2                            | 61,446     | 32,418            | 22,297      | 116,161    |
| Illinois                    | 1                            | 25,512     | 6,337             | 2,068       | 33,917     |

|                  |           |                   |                   |                  |                   |
|------------------|-----------|-------------------|-------------------|------------------|-------------------|
| Pennsylvania     | 1         | 26,222            | 5,564             | 1,331            | 33,117            |
| Washington       | 1         | 28,410            | 4,425             | 1,794            | 34,629            |
| Washington, D.C. | 1         | 36,615            | 19,234            | 1,867            | 57,716            |
| USVI             | 1         | 47,971            | 17,460            | 9,963            | 75,394            |
| <b>Total</b>     | <b>16</b> | <b>\$ 464,899</b> | <b>\$ 185,331</b> | <b>\$ 89,113</b> | <b>\$ 739,343</b> |

| Year Ended December 31, 2022 |                  |                   |                   |                  |                   |
|------------------------------|------------------|-------------------|-------------------|------------------|-------------------|
| Primary Geographical Market  | Number of Hotels | Rooms             | Food and Beverage | Other Hotel      | Total             |
| California                   | 6                | \$ 134,635        | \$ 45,952         | \$ 19,152        | \$ 199,739        |
| Puerto Rico                  | 1                | 38,077            | 14,238            | 8,931            | 61,246            |
| Arizona                      | 1                | 3,107             | 1,430             | 657              | 5,194             |
| Colorado                     | 1                | 25,253            | 16,397            | 8,965            | 50,615            |
| Florida                      | 2                | 73,629            | 34,068            | 24,771           | 132,468           |
| Illinois                     | 1                | 24,829            | 7,150             | 1,656            | 33,635            |
| Pennsylvania                 | 1                | 22,237            | 4,121             | 1,178            | 27,536            |
| Washington                   | 1                | 21,445            | 3,619             | 1,321            | 26,385            |
| Washington, D.C.             | 1                | 29,877            | 13,276            | 1,960            | 45,113            |
| USVI                         | 1                | 58,426            | 18,990            | 10,238           | 87,654            |
| <b>Total</b>                 | <b>16</b>        | <b>\$ 431,515</b> | <b>\$ 159,241</b> | <b>\$ 78,829</b> | <b>\$ 669,585</b> |

**BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

| Year Ended December 31, 2021 |                  |                   |                   |                  |                   |
|------------------------------|------------------|-------------------|-------------------|------------------|-------------------|
| Primary Geographical Market  | Number of Hotels | Rooms             | Food and Beverage | Other Hotel      | Total             |
| California                   | 6                | \$ 91,283         | \$ 27,205         | \$ 12,938        | \$ 131,426        |
| Colorado                     | 1                | 17,303            | 10,936            | 7,945            | 36,184            |
| Florida                      | 2                | 65,974            | 27,148            | 21,094           | 114,216           |
| Illinois                     | 1                | 14,422            | 3,418             | 1,153            | 18,993            |
| Pennsylvania                 | 1                | 11,889            | 1,493             | 776              | 14,158            |
| Washington                   | 1                | 15,105            | 1,632             | 1,578            | 18,315            |
| Washington, D.C.             | 1                | 9,773             | 3,014             | 1,142            | 13,929            |
| USVI                         | 1                | 54,819            | 15,453            | 10,049           | 80,321            |
| <b>Total</b>                 | <b>14</b>        | <b>\$ 280,568</b> | <b>\$ 90,299</b>  | <b>\$ 56,675</b> | <b>\$ 427,542</b> |

| Year Ended December 31, 2020 |                  |                   |                   |                  |                   |
|------------------------------|------------------|-------------------|-------------------|------------------|-------------------|
| Primary Geographical Market  | Number of Hotels | Rooms             | Food and Beverage | Other Hotel      | Total             |
| California                   | 5                | \$ 46,291         | \$ 13,573         | \$ 8,056         | \$ 67,920         |
| Colorado                     | 1                | 12,847            | 6,178             | 6,529            | 25,554            |
| Florida                      | 2                | 33,829            | 17,009            | 14,446           | 65,284            |
| Illinois                     | 1                | 5,979             | 1,293             | 610              | 7,882             |
| Pennsylvania                 | 1                | 7,349             | 1,227             | 424              | 9,000             |
| Washington                   | 1                | 5,604             | 797               | 620              | 7,021             |
| Washington, D.C.             | 1                | 7,595             | 3,519             | 1,604            | 12,718            |
| USVI                         | 1                | 16,771            | 6,667             | 8,157            | 31,595            |
| <b>Total</b>                 | <b>13</b>        | <b>\$ 136,265</b> | <b>\$ 50,263</b>  | <b>\$ 40,446</b> | <b>\$ 226,974</b> |

For the year ended December 31, 2020, the Company recorded revenue from business interruption losses associated with lost profits from Hurricane Irma of \$4.0 million. This revenue is included in "other" hotel revenue in our consolidated statement of operations. There was no such revenue recorded for the years ended December 31, 2022 and 2021 as the insurance claim was fully settled in 2020.

#### 4. Investments in Hotel Properties, net

Investments in hotel properties, net consisted of the following (in thousands):

|                                      |                                      | December<br>31, 2022 | December<br>31, 2021 |
|--------------------------------------|--------------------------------------|----------------------|----------------------|
|                                      |                                      | December<br>31, 2023 |                      |
|                                      |                                      | December<br>31, 2023 |                      |
|                                      |                                      | December<br>31, 2023 | December 31, 2022    |
| Land                                 | Land                                 | \$ 630,489           | \$ 480,530           |
| Buildings and improvements           | Buildings and improvements           | 1,511,949            | 1,215,810            |
| Furniture, fixtures and equipment    | Furniture, fixtures and equipment    | 147,019              | 123,954              |
| Construction in progress             | Construction in progress             | 22,890               | 12,038               |
| Residences                           | Residences                           | 12,746               | 12,746               |
| Total cost                           | Total cost                           | 2,325,093            | 1,845,078            |
| Accumulated depreciation             | Accumulated depreciation             | (440,492)            | (399,481)            |
| Investments in hotel properties, net | Investments in hotel properties, net | \$1,884,601          | \$1,445,597          |

For the years ended **December 31, 2022** **December 31, 2023**, **2021** **2022** and **2020**, **2021**, depreciation expense was **\$78.0 million** **\$92.6 million**, **\$73.0 million** **\$78.0 million** and **\$72.8 million** **\$73.0 million**, respectively.

#### **Impairment Charges and Insurance Recoveries**

For the year ended December 31, 2020, the Company received proceeds of \$14.5 million from our insurance carriers for property damage and business interruption from Hurricane Irma. In September 2020, the Company reached a final settlement with its insurance carriers related to Hurricane Irma. Upon settlement, the Company recorded a gain of \$10.1 million as the proceeds received exceeded the carrying value of the hotel property at the time of the loss.

### **BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES** **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

For the year ended December 31, 2021, we recognized a gain of \$481,000 associated with proceeds received from an insurance claim. There was no such gain recognized for the year ended December 31, 2022.

During the years ended **December 31, 2022** **December 31, 2023**, **2021** **2022** and **2020**, **2021**, no impairment charges were recorded.

#### **The Ritz-Carlton Reserve Dorado Beach**

On March 11, 2022, the Company acquired a 100% interest in the 96-room Ritz-Carlton Reserve Dorado Beach in Dorado, Puerto Rico. The total consideration consisted of \$104.0 million of cash and 6.0 million shares of the Company's common stock with a fair value of approximately \$35.0 million. Additionally, the Company assumed a \$54.0 million mortgage loan with a fair value of approximately \$58.6 million. See note 6 for further discussion regarding the mortgage loan. On March 14, 2022, the Company filed a resale registration statement on Form S-3, which was declared effective by the SEC on April 1, 2022, to register for resale the 6.0 million shares of common stock.

We accounted for this acquisition as an asset acquisition because substantially all of the fair value of the gross assets acquired were concentrated in a group of similar identifiable assets. The cost of the acquisition including transaction costs of approximately \$1.9 million, was allocated to the individual assets acquired and liabilities assumed on a relative fair value basis, which is considered a Level 3 valuation technique.

The following table summarizes the estimated fair value of the assets acquired and liabilities assumed in the acquisition (in thousands):

|                                        |    |                |
|----------------------------------------|----|----------------|
| Land                                   | \$ | 79,711         |
| Buildings and improvements             |    | 102,105        |
| Furniture, fixtures and equipment      |    | 15,405         |
| <b>Investments in hotel properties</b> |    | <b>197,221</b> |
| Restricted cash                        |    | 1,091          |
| Inventories                            |    | 1,184          |
| Mortgage loan                          |    | (58,601)       |
|                                        | \$ | 140,895        |
| <b>Net other assets (liabilities)</b>  | \$ | <b>(9,966)</b> |

The results of operations of the hotel property have been included in our results of operations from the acquisition date. The table below summarizes the total revenue and net income (loss) in our consolidated statements of operations for the year ended December 31, 2022:

|                   |    | <b>Year Ended December 31, 2022</b> |
|-------------------|----|-------------------------------------|
| Total revenue     | \$ | 61,246                              |
| Net income (loss) |    | 7,583                               |

#### **Four Seasons Resort Scottsdale**

On December 1, 2022, the Company acquired a 100% interest in the 210-room Four Seasons Resort Scottsdale at Troon North in Scottsdale, Arizona. The total consideration for the acquisition was \$267.8 million.

We accounted for this acquisition as an asset acquisition because substantially all of the fair value of the gross assets acquired were concentrated in a group of similar identifiable assets. The cost of the acquisition including transaction costs of approximately \$538,000, was allocated to the individual assets acquired and liabilities assumed on a relative fair value basis, which is considered a Level 3 valuation technique.

### **BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES**

#### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

The following table summarizes the estimated fair value of the assets acquired and liabilities assumed in the acquisition (in thousands):

|                                        |    |                |
|----------------------------------------|----|----------------|
| Land                                   | \$ | 70,248         |
| Buildings and improvements             |    | 181,560        |
| Furniture, fixtures and equipment      |    | 16,050         |
| <b>Investments in hotel properties</b> |    | <b>267,858</b> |
| Inventories                            |    | 480            |
|                                        | \$ | 268,338        |
| <b>Net other assets (liabilities)</b>  | \$ | <b>(691)</b>   |

The results of operations of the hotel property have been included in our results of operations from the acquisition date. The table below summarizes the total revenue and net income (loss) in our consolidated statements of operations for the year ended December 31, 2022:

|                   |    | <b>Year Ended December 31, 2022</b> |
|-------------------|----|-------------------------------------|
| Total revenue     | \$ | 5,194                               |
| Net income (loss) |    | 934                                 |

#### **5. Investment in Unconsolidated Entity**

OpenKey, Inc. ("OpenKey"), which is controlled and consolidated by Ashford Inc., is a hospitality-focused mobile key platform that provides a universal smart phone app and related hardware and software for keyless entry into hotel guest rooms. In 2018, As of December 31, 2023, the Company has made an initial investment equity investments in OpenKey which is controlled and consolidated by Ashford Inc., for an initial 8.2% ownership interest, totaling \$2.9 million. All investments were recommended by our Related Party Transactions Committee and unanimously approved by the independent members of our board of directors. In 2022, the Company made additional investments in OpenKey of approximately \$328,000. As of December 31, 2022, the Company has made investments in OpenKey totaling \$2.9 million.

Our investment is recorded as "investment in unconsolidated entity" in our consolidated balance sheets and is accounted for under the equity method of accounting as we have significant influence over the entity under the applicable accounting guidance. We review our investment in OpenKey for impairment in each reporting period pursuant to the applicable authoritative accounting guidance. An investment is impaired when its estimated fair value is less than the carrying amount of the investment. Any impairment is recorded in equity in earnings (loss) of unconsolidated entity. No such impairment was recorded for the years ended December 31, 2022, December 31, 2023, 2021, 2022 and 2020, 2021.

The following table summarizes our carrying value and ownership interest in OpenKey:

|                                                            | December 31, 2022 | December 31, 2021 |
|------------------------------------------------------------|-------------------|-------------------|
| Carrying value of the investment in OpenKey (in thousands) | \$ 1,689          | \$ 1,689          |
| Ownership interest in OpenKey                              | 7.9 %             | 7.8 %             |

The following table summarizes our equity in earnings (loss) in OpenKey (in thousands):

| Line Item                                          | Year Ended December 31, |          |          |
|----------------------------------------------------|-------------------------|----------|----------|
|                                                    | 2022                    | 2021     | 2020     |
| Equity in earnings (loss) of unconsolidated entity | \$ (328)                | \$ (252) | \$ (217) |

|                                                            | December 31, 2023 | December 31, 2022 |
|------------------------------------------------------------|-------------------|-------------------|
| Carrying value of the investment in OpenKey (in thousands) | \$ 1,416          | \$ 1,689          |
| Ownership interest in OpenKey                              | 7.9 %             | 7.9 %             |

# **BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES** **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

The following table summarizes our equity in earnings (loss) in OpenKey (in thousands):

| Line Item                                          | Year Ended December 31, |          |          |
|----------------------------------------------------|-------------------------|----------|----------|
|                                                    | 2023                    | 2022     | 2021     |
| Equity in earnings (loss) of unconsolidated entity | \$ (273)                | \$ (328) | \$ (252) |

On February 2, 2023, the Company entered into a loan funding agreement with Ashford Inc. and OpenKey. Per the agreement, Ashford Inc. and the Company will provide OpenKey with a maximum loan amount of \$5.0 million to be allocated on a pro-rata basis based on current ownership interests and funded quarterly, over the course of 2023. The loan bears interest at an annual rate of 15%. Additionally, repayment of the loan principal and all accrued interest is due upon certain events. As of December 31, 2023, the Company has funded approximately \$238,000.

The following table summarizes our note receivable from OpenKey (in thousands):

| Line Item                           | December 31, 2023 | December 31, 2022 |
|-------------------------------------|-------------------|-------------------|
| Investment in unconsolidated entity | \$ 258            | \$ —              |

The following table summarizes the interest income associated with the loan to OpenKey (in thousands):

| Line Item                                          | Year Ended December 31, |      |      |
|----------------------------------------------------|-------------------------|------|------|
|                                                    | 2023                    | 2022 | 2021 |
| Equity in earnings (loss) of unconsolidated entity | \$ 20                   | \$ — | \$ — |

## **6. Indebtedness, net**

Indebtedness, net consisted of the following (dollars in thousands):

|                   |                   |                  |                  |                     |              |               |                    |         |              | December 31, 2022 |                  | December 31, 2021   |              |               |                          | December 31, 2023 |                          | December 31, 2022 |  |
|-------------------|-------------------|------------------|------------------|---------------------|--------------|---------------|--------------------|---------|--------------|-------------------|------------------|---------------------|--------------|---------------|--------------------------|-------------------|--------------------------|-------------------|--|
| Indebtedness      | Indebtedness      | Collateral       | Current Maturity | Final Maturity (13) | Debt Balance | Interest Rate | Book Value of Debt |         | Indebtedness | Collateral        | Current Maturity | Final Maturity (16) | Debt Balance | Interest Rate | Book Value of Collateral | Debt Balance      | Book Value of Collateral |                   |  |
|                   |                   |                  |                  |                     |              |               | Collateral         | Balance |              |                   |                  |                     |              |               |                          |                   |                          |                   |  |
| Mortgage loan (4) |                   | Park Hyatt       |                  |                     |              |               |                    |         |              |                   |                  |                     |              |               |                          |                   |                          |                   |  |
|                   |                   | Beaver Creek     |                  |                     |              | LIBOR (1)     |                    |         |              |                   |                  |                     |              |               |                          |                   |                          |                   |  |
|                   |                   | Resort & Spa     | April 2022       | April 2022          |              | + 3.00%       | \$ —               | \$ —    | \$ 67,500    | \$ 137,718        |                  |                     |              |               |                          |                   |                          |                   |  |
|                   |                   | The Ritz-Carlton |                  |                     |              | LIBOR (1)     |                    |         |              |                   |                  |                     |              |               |                          |                   |                          |                   |  |
| Mortgage loan (4) | Mortgage loan (4) | Sarasota         | April 2023       | April 2023          |              | + 2.65%       | 98,500             | 162,134 | 99,500       | 162,621           |                  |                     |              |               |                          |                   |                          |                   |  |
| Mortgage loan (4) | Mortgage loan (4) | Hotel Yountville | May 2023         | May 2023            |              | LIBOR (1)     | 51,000             | 84,180  | 51,000       | 85,847            |                  |                     |              |               |                          |                   |                          |                   |  |
| Mortgage loan (4) | Mortgage loan (4) |                  |                  |                     |              | + 2.55%       |                    |         |              |                   |                  |                     |              |               |                          |                   |                          |                   |  |
| Mortgage loan (4) |                   |                  |                  |                     |              |               |                    |         |              |                   |                  |                     |              |               |                          |                   |                          |                   |  |
| Mortgage loan (5) |                   |                  |                  |                     |              |               |                    |         |              |                   |                  |                     |              |               |                          |                   |                          |                   |  |

|                       |                   |                  |           |           |           |         |         |         |         |
|-----------------------|-------------------|------------------|-----------|-----------|-----------|---------|---------|---------|---------|
| Mortgage loan (5) (6) | Hilton La         |                  |           |           |           |         |         |         |         |
|                       | Jolla             |                  |           |           |           |         |         |         |         |
|                       | Torrey            |                  |           |           |           |         |         |         |         |
|                       | Pines             |                  |           |           |           |         |         |         |         |
| Mortgage loan (5) (6) |                   |                  |           |           |           |         |         |         |         |
| Mortgage loan (5) (6) |                   |                  |           |           |           |         |         |         |         |
| Mortgage loan (5) (6) |                   |                  |           |           |           |         |         |         |         |
| Mortgage loan (7)     | Mortgage loan (7) | The Notary       |           |           | LIBOR (1) |         |         |         |         |
|                       |                   | Hotel            | June 2023 | June 2025 | + 2.16%   | 435,000 | 403,896 | 435,000 | 417,109 |
| Mortgage loan (4)(8)  |                   | The Clancy       |           |           |           |         |         |         |         |
|                       |                   | Sofitel Chicago  |           |           |           |         |         |         |         |
|                       |                   | Magnificent      |           |           |           |         |         |         |         |
|                       |                   | Mile             |           |           |           |         |         |         |         |
| Mortgage loan (4)(8)  |                   | Marriott Seattle |           |           |           |         |         |         |         |
|                       |                   | Waterfront       |           |           |           |         |         |         |         |
|                       |                   | Bardessono       | August    | August    | LIBOR (1) |         |         |         |         |
|                       |                   | Hotel and Spa    | 2023      | 2023      | + 2.55%   | —       | —       | 40,000  | 53,413  |
| Mortgage loan (6)     |                   | Bardessono       | August    | August    | SOFR (2)  |         |         |         |         |
|                       |                   | Hotel and Spa    | 2023      | 2023      | + 2.65%   | 40,000  | 51,514  | —       | —       |
|                       |                   | The Ritz-        |           |           |           |         |         |         |         |
|                       |                   | Carlton St.      | August    | August    | LIBOR (1) |         |         |         |         |
| Mortgage loan (7)     |                   | Thomas           | 2023      | 2024      | + 3.95%   | 42,500  | 119,492 | 42,500  | 124,114 |
|                       |                   | The Ritz-        | January   | January   |           |         |         |         |         |
|                       |                   | Carlton Lake     | 2024      | 2024      | LIBOR (1) |         |         |         |         |
|                       |                   | Tahoe            |           |           | + 2.10%   | —       | —       | 54,000  | 112,713 |
| Mortgage loan (8)     | Mortgage loan (8) | The Ritz-        |           |           |           |         |         |         |         |
|                       |                   | Carlton Lake     | January   | January   | SOFR (2)  |         |         |         |         |
|                       |                   | Tahoe            | 2024      | 2024      | + 2.20%   | 54,000  | 112,777 | —       | —       |
|                       |                   |                  | February  | February  | LIBOR (1) |         |         |         |         |
| Mortgage loan         |                   | Capital Hilton   | 2024      | 2024      | + 1.70%   | 195,000 | 194,770 | 195,000 | 193,194 |
|                       |                   | Hilton La Jolla  |           |           |           |         |         |         |         |
|                       |                   | Torrey Pines     |           |           |           |         |         |         |         |
|                       |                   | Park Hyatt       |           |           |           |         |         |         |         |
| Mortgage loan (3)     |                   | Beaver Creek     | February  | February  | SOFR (2)  |         |         |         |         |
|                       |                   | Resort & Spa     | 2024      | 2027      | + 2.86%   | 70,500  | 139,830 | —       | —       |
|                       |                   | The Ritz-        |           |           |           |         |         |         |         |
|                       |                   | Carlton          |           |           |           |         |         |         |         |
| Mortgage loan (9)     | Mortgage loan (9) | Reserve          | March     | March     | LIBOR (1) |         |         |         |         |
|                       |                   | Dorado Beach     | 2024      | 2026      | + 6.00%   | 54,000  | 193,367 | —       | —       |
|                       |                   | The              |           |           |           |         |         |         |         |
|                       |                   | Clancy           |           |           |           |         |         |         |         |
|                       |                   | Sofitel Chicago  |           |           |           |         |         |         |         |
|                       |                   | Magnificent      |           |           |           |         |         |         |         |
|                       |                   | Mile             |           |           |           |         |         |         |         |
|                       |                   | Sofitel Chicago  |           |           |           |         |         |         |         |
|                       |                   | Magnificent      |           |           |           |         |         |         |         |
|                       |                   | Mile             |           |           |           |         |         |         |         |
|                       |                   | Sofitel Chicago  |           |           |           |         |         |         |         |
|                       |                   | Magnificent      |           |           |           |         |         |         |         |
|                       |                   | Mile             |           |           |           |         |         |         |         |
|                       |                   | Marriott Seattle |           |           |           |         |         |         |         |
|                       |                   | Waterfront       |           |           |           |         |         |         |         |
|                       |                   | Marriott Seattle |           |           |           |         |         |         |         |
|                       |                   | Waterfront       |           |           |           |         |         |         |         |
|                       |                   | Marriott Seattle |           |           |           |         |         |         |         |
|                       |                   | Waterfront       |           |           |           |         |         |         |         |
|                       |                   | Marriott Seattle |           |           |           |         |         |         |         |
|                       |                   | Waterfront       |           |           |           |         |         |         |         |
|                       |                   | Marriott Seattle |           |           |           |         |         |         |         |
|                       |                   | Waterfront       |           |           |           |         |         |         |         |
|                       |                   | Marriott Seattle |           |           |           |         |         |         |         |



|                                    |                               |               |           |           |                      |             |             |             |             |
|------------------------------------|-------------------------------|---------------|-----------|-----------|----------------------|-------------|-------------|-------------|-------------|
|                                    |                               | Mr. C Beverly | August    | August    | LIBOR <sup>(1)</sup> |             |             |             |             |
| Mortgage loan <sup>(10)</sup>      | Mortgage loan <sup>(10)</sup> | Hills Hotel   | 2024      | 2024      | + 3.60%              | 30,000      | 71,820      | 30,000      | 73,587      |
|                                    |                               | Pier House    | September | September | LIBOR <sup>(1)</sup> |             |             |             |             |
| Mortgage loan <sup>(4) (11)</sup>  |                               | Resort & Spa  | 2024      | 2024      | + 1.85%              | —           | —           | 80,000      | 85,281      |
|                                    |                               | Pier House    | September | September | SOFR <sup>(2)</sup>  |             |             |             |             |
| Mortgage loan <sup>(11)</sup>      |                               | Resort & Spa  | 2024      | 2024      | + 1.95%              | 80,000      | 83,361      | —           | —           |
|                                    |                               | Four Seasons  |           |           |                      |             |             |             |             |
|                                    |                               | Resort        | December  | December  | SOFR <sup>(2)</sup>  |             |             |             |             |
| Mortgage loan <sup>(12)</sup>      |                               | Scottsdale    | 2025      | 2027      | + 3.75%              | 100,000     | 267,460     | —           | —           |
| Mortgage loan <sup>(10)</sup>      |                               |               |           |           |                      |             |             |             |             |
| Mortgage loan <sup>(10)</sup>      |                               |               |           |           |                      |             |             |             |             |
| Mortgage loan <sup>(11) (12)</sup> |                               |               |           |           |                      |             |             |             |             |
| Mortgage loan <sup>(13)</sup>      |                               |               |           |           |                      |             |             |             |             |
| Mortgage loan <sup>(14)</sup>      |                               |               |           |           |                      |             |             |             |             |
| Convertible Senior                 | Convertible Senior            |               |           |           |                      |             |             |             |             |
| Notes                              | Notes                         | Equity        | June 2026 | June 2026 | 4.50%                | 86,250      | —           | 86,250      | —           |
|                                    |                               |               |           |           |                      | 1,336,750   | \$1,884,601 | 1,180,750   | \$1,445,597 |
| BAML Credit Facility               |                               |               |           |           |                      |             |             |             |             |
| <sup>(4)</sup>                     |                               | Hotel         |           |           |                      |             |             |             |             |
|                                    |                               | Yountville    |           |           |                      |             |             |             |             |
|                                    |                               | The Ritz-     |           |           |                      |             |             |             |             |
|                                    |                               | Carlton       |           |           |                      |             |             |             |             |
|                                    |                               | Sarasota      |           |           |                      |             |             |             |             |
|                                    |                               | The Ritz-     |           |           |                      |             |             |             |             |
|                                    |                               | Carlton       |           |           |                      |             |             |             |             |
|                                    |                               | Sarasota      |           |           |                      |             |             |             |             |
|                                    |                               | The Ritz-     |           |           |                      |             |             |             |             |
|                                    |                               | Carlton       |           |           |                      |             |             |             |             |
|                                    |                               | Sarasota      |           |           |                      |             |             |             |             |
| Mortgage loan <sup>(15)</sup>      |                               |               |           |           |                      |             |             |             |             |
| Mortgage loan <sup>(15)</sup>      |                               |               |           |           |                      |             |             |             |             |
| Mortgage loan <sup>(15)</sup>      |                               |               |           |           |                      |             |             |             |             |
| Mortgage loan <sup>(5)</sup>       |                               |               |           |           |                      |             |             |             |             |
|                                    |                               |               |           |           |                      | 1,173,043   |             |             |             |
| Capitalized default                | Capitalized default           |               |           |           |                      |             |             |             |             |
| interest and late                  | interest and late             |               |           |           |                      |             |             |             |             |
| charges, net                       | charges, net                  |               |           |           |                      | 1,934       |             | 3,904       |             |
| Deferred loan costs,               | Deferred loan costs,          |               |           |           |                      |             |             |             |             |
| net                                | net                           |               |           |           |                      | (5,054)     |             | (3,538)     |             |
| Deferred loan costs, net           |                               |               |           |           |                      |             |             |             |             |
| Deferred loan costs, net           |                               |               |           |           |                      |             |             |             |             |
| Premiums/(discounts), net          |                               |               |           |           |                      |             |             |             |             |
| Premiums/(discounts), net          |                               |               |           |           |                      |             |             |             |             |
| Premiums/(discounts), net          | Premiums/(discounts),         |               |           |           |                      |             |             |             |             |
| net                                | net                           |               |           |           |                      | 500         |             | (8,438)     |             |
| Indebtedness, net                  | Indebtedness, net             |               |           |           |                      | \$1,334,130 |             | \$1,172,678 |             |
| Indebtedness, net                  |                               |               |           |           |                      |             |             |             |             |
| Indebtedness, net                  |                               |               |           |           |                      |             |             |             |             |

<sup>(1)</sup> LIBOR rates were 4.392% and 0.101% rate was 4.39% at December 31, 2022 and December 31, 2021, respectively.

<sup>(2)</sup> SOFR rate was 4.358% rates were 5.35% and 4.36% at December 31, 2023 and December 31, 2022, respectively.

## BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

- (3) Base Rate, as defined in the secured credit facility agreement, is the greater of (i) the prime rate set by Bank of America, (ii) federal funds rate + 0.50%, (iii) Term SOFR + 1.00%, or (iv) 1.00%.
- (4) On February 2, 2022 July 31, 2023, we refinanced this mortgage entered into a new \$200.0 million secured credit facility comprised of a \$150.0 million term loan totaling \$67.5 and a \$50.0 million secured revolving credit facility with a new \$70.5 million mortgage loan with a two-year three-year initial term and three one one-year extension options, option, subject to the satisfaction of certain conditions. The new facility is interest only and bears interest at a rate of SOFR + 2.35% to 3.10%. Proceeds from the facility were used to repay the mortgage loans secured by Bardessono Hotel & Spa, Hotel Yountville, and The Ritz-Carlton Sarasota.
- (5) On December 22, 2023, we entered into a new \$110.6 million loan secured by Capital Hilton. The new mortgage loan is interest only and bears interest at a rate of SOFR + 2.86%.
- (4) This mortgage loan 3.75%, has a LIBOR floor of 0.25%.
- (5) This mortgage loan has five three-year initial term and two one-year extension options, subject to satisfaction of certain conditions, and has a SOFR floor of 2.00%. The Hilton La Jolla Torrey Pines remains encumbered by the original mortgage loan, which the third was exercised in June 2022, partially paid down to a remaining balance of \$66.6 million.
- (6) On October 27, 2022 February 5, 2024, we amended this mortgage loan. Terms of the agreement replaced amendment included extending the variable maturity date by six months from February 2024 to August 2024, and converting the interest rate from a variable rate of LIBOR + 2.55% with SOFR + 2.65% 1.70% to a fixed rate of 9.00%.
- (7) This mortgage loan has three one-year extension options, subject to satisfaction of certain conditions, of which the second first was exercised February 2024.
- (8) On January 18, 2023, we repaid this mortgage loan.
- (9) This mortgage loan has five one-year extension options, subject to satisfaction of certain conditions, of which the fourth was exercised in August 2022. June 2023. In accordance with exercising the fourth one-year extension option, we repaid \$142.0 million of principal and the variable interest rate increased from LIBOR + 2.16% to LIBOR + 2.61%. This loan transitioned from LIBOR to SOFR in July 2023 and the variable interest rate increased from LIBOR + 2.61% to SOFR + 2.66%.
- (10) This loan transitioned from LIBOR to SOFR in July 2023 and the variable interest rate increased from LIBOR + 3.60% to SOFR + 3.66%. This mortgage loan has a SOFR floor of 1.50%.
- (11) This mortgage loan has three one-year extension options, subject to satisfaction of certain conditions, of which the third was exercised in August 2023. This loan transitioned from LIBOR to SOFR in July 2023 and the variable interest rate increased from LIBOR + 3.95% to SOFR + 4.04%. This mortgage loan has a SOFR floor of 1.00%.
- (12) On October 27, 2022 January 29, 2024, we amended this mortgage loan. Terms of the agreement replaced amendment included extending the current maturity date one year to August 2025, and the variable rate increased from SOFR + 4.04% to SOFR 4.35%. This amended mortgage loan has one one-year extension option, subject to satisfaction of certain conditions. This mortgage loan has a SOFR floor of 4.00%.
- (13) On January 3, 2024, we amended this mortgage loan. Terms of the amendment included extending the current maturity date one year to September 2025, and the variable rate increased from SOFR + 1.95% to SOFR + 3.60%. This amended mortgage loan has one one-year extension option, subject to satisfaction of certain conditions.
- (14) On October 31, 2023, we amended this mortgage loan. Terms of the amendment included extending the current maturity date one year to January 2025, and the variable interest rate of LIBOR + 2.10% with increased from SOFR + 2.20% to SOFR + 3.60%. This amended mortgage loan has one one-year extension option, subject to satisfaction of certain conditions.
- (15) On September 29, 2023, we amended this mortgage loan. Terms of the amendment included increasing the outstanding principal from \$100.0 million to \$140.0 million, and extending the current maturity date by one year to December 2026. This mortgage loan has two one-year extension options, subject to satisfaction of certain conditions. This mortgage loan has a LIBOR floor of 0.75%.
- (10) This mortgage loan has a LIBOR floor of 1.50%.
- (11) On September 29, 2022, we amended this mortgage loan. Terms of the agreement replaced the variable interest rate of LIBOR + 1.85% with SOFR + 1.95%.
- (12) On December 23, 2022, we entered into a new \$100 million mortgage loan with a three-year initial term and two one-year extension options, subject to satisfaction of certain conditions. The new mortgage loan is interest only and bears interest at a rate of SOFR + 3.75%. This mortgage loan has a SOFR floor of 1.00%.
- (16) The final maturity date assumes all available extensions extension options will be exercised.

During the second and third quarters of 2020, we reached forbearance and other agreements with our lenders relating to loans secured by the Pier House Resort & Spa, The Ritz-Carlton Sarasota, The Ritz-Carlton Lake Tahoe, Hotel Yountville, Bardessono Hotel and Spa, Sofitel Chicago Magnificent Mile, The Notary Hotel, The Clancy, Marriott Seattle Waterfront, Capital Hilton and Hilton La Jolla Torrey Pines, certain of our hotels. The Company determined that all of the forbearance and other agreements evaluated were considered troubled debt restructurings due to terms that allowed for deferred interest and the forgiveness of default interest and late charges.

As a result of the troubled debt restructurings, all accrued default interest and late charges were capitalized into the applicable loan balances and are being amortized over the remaining term of the loans using the effective interest method. The

## BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

amount of default interest and late charges capitalized into indebtedness for the year ended December 31, 2020 was \$9.9 million. The amount of amortized principal amortization was approximately \$2.0 million, \$3.4 million \$1.7 million, \$2.0 million and \$2.6 million, \$3.4 million, respectively, for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2021.

On March 11, 2022 January 18, 2023, in connection with the acquisition of Company repaid its \$54.0 million mortgage loan secured by The Ritz-Carlton Reserve Dorado Beach, which resulted in a gain on extinguishment of debt of \$2.3 million for the Company assumed a \$54 million mortgage loan. See note 4.

On December 23, 2022, year ended December 31, 2023. The gain was primarily attributable to the Company entered into a new \$100 million premium that was recorded upon the assumption of the mortgage loan associated with Four Seasons Resort Scottsdale with a three-year initial term and two one-year extension options, subject to satisfaction of certain conditions. The new mortgage loan is interest only and bears interest at a rate of SOFR + 3.75%. This mortgage loan has a SOFR floor of 1.00% when the hotel was acquired.

### Convertible Senior Notes

In May 2021, the Company issued \$86.25 million aggregate principal amount of 4.50% Convertible Senior Notes due June 2026 (the "Convertible Senior Notes"). The net proceeds from this offering of the Convertible Senior Notes were approximately \$82.8 million after deducting the underwriting fees and other expenses paid by the Company.

The Convertible Senior Notes are governed by an indenture between the Company and U.S. Bank National Association, as trustee. The Convertible Senior Notes bear interest at a rate of 4.50% per annum, payable semi-annually in arrears on June 1 and December 1 of each year, beginning on December 1, 2021. The Convertible Senior Notes will mature on June 1, 2026. ~~The~~ For the years ended December 31, 2023, 2022 and 2021, the Company recorded coupon interest expense of ~~\$3.9 million~~ \$3.9 million, \$3.9 million and ~~\$2.4 million~~ for \$2.4 million, respectively.

## BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the years ended ~~December 31, 2022~~ December 31, 2023, 2022 and 2021, respectively.

Upon issuance of the Convertible Senior Notes, the Company separated the Convertible Senior Notes into liability and equity components. The initial carrying amount of the liability component was calculated using a discount rate of 7.1%. The discount rate was based on the terms of debt instruments that were similar to the Convertible Senior Notes. The \$6.3 million carrying amount of the equity component representing the conversion option was determined by deducting the fair value of the liability component from the net proceeds of the Convertible Senior Notes. The amount recorded in equity was not subject to remeasurement or amortization. The initial discount of \$9.3 million was accreted to interest expense using the effective interest rate method over the contractual term of the Convertible Senior Notes. The Company recorded discount amortization of ~~\$589,000~~, \$553,000 and \$974,000, respectively, related to the initial purchase discount, for the years ended December 31, 2022 and 2021, with the remaining discount balance to be amortized through June 2026.

As a result of the Company's adoption of ASU 2020-06 on January 1, 2022, the Convertible Senior Notes are now recorded as a single liability with no portion recorded in equity. The Company also ceased recording non-cash interest expense associated with the amortization of the portion of the debt discount originally reflected in equity, while the initial purchase discount remains and will continue to be amortized through June 2026.

The Convertible Senior Notes are convertible at any time prior to the close of business on the business day immediately preceding the maturity date for cash, shares of the Company's common stock or a combination of cash and shares of the Company's common stock, at the election of the Company, based on an initial conversion rate of 157.7909 shares of the Company's common stock per \$1,000 principal amount of notes (equivalent to a conversion price of approximately \$6.34 per share of common stock), subject to adjustment of the conversion rate under certain circumstances. In addition, following the occurrence of certain corporate events, if the Company provides notice of redemption or if it exercises its option to convert the Convertible Senior Notes, the Company will, in certain circumstances, increase the conversion rate for a holder that converts its Convertible Senior Notes in connection with such corporate event, such notice of redemption, or such issuer conversion option, as the case may be.

The Company may redeem the Convertible Senior Notes at the Company's option, in whole or in part, on any business day on or after the date of issuance if the last reported sale price per share of the Company's common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which the Company provides a notice of redemption at a redemption price equal to 100% of the principal amount of the Convertible Senior Notes to be redeemed subject to certain adjustments, plus accrued and unpaid interest to, but excluding, the redemption date.

#### Credit Facility

On July 31, 2023, the Company entered into a Credit Agreement (the "Credit Agreement") with Braemar OP (the "Borrower"), the lenders party thereto (the "Lenders") and Bank of America, N.A., as administrative agent and L/C Issuer (as defined in the Credit Agreement). Bank of America, N.A. acted as administrative agent and lead arranger on the transaction. Syndicate bank participants include TBK Bank and MidFirst Bank.

The Credit Agreement, as amended by the First Amendment to Credit Agreement, dated as of February 21, 2024, evidences a \$200 million secured credit facility (the "Facility") comprised of a secured term loan facility of \$150 million (the "Term Loan Facility") and a secured revolving credit facility of \$50 million (the "Revolving Credit Facility"). Upon satisfaction of certain conditions, including the addition of new Borrowing Base Properties (as defined in the Credit Agreement), the Facility may be increased to an amount of not more than \$400 million in the aggregate. The maximum availability under the Facility is determined on a quarterly basis and limited to the lesser of (i) \$200 million (subject to increase of up to \$400 million in the aggregate); (ii) 55% of the appraised value of all Borrowing Base Properties; and (iii) the DSC Amount (as defined below). The initial Borrowing Base Properties include the Company's Ritz-Carlton Sarasota, Bardessono Hotel and Spa and Hotel Yountville hotel properties (the "Initial Borrowing Base Properties"). The "DSC Amount" means the maximum principal amount that can be supported from the Adjusted NOI (as defined in the Credit Agreement) from the Borrowing Base Properties assuming: (i) a 30-year amortization and an interest rate which is the greater of (a) the ten (10) year U.S. Treasury Rate plus 2.50% and (b) 7.50%; and (ii) a minimum debt service coverage of 1.55 to 1.00.

The proceeds of the Term Loan Facility were used to repay the mortgage debt associated with The Ritz-Carlton Sarasota, Bardessono Hotel and Spa and Hotel Yountville, which serve as the Initial Borrowing Base Properties for the financing. In addition, at closing, the Company drew down approximately \$46 million under the Revolving Credit Facility.

The Facility is a three-year, interest-only facility with all outstanding principal due at maturity, with a one-year extension option, subject to the satisfaction of certain conditions, including the payment of an Extension Fee (as defined in the Credit Agreement) equal to 20 basis points (0.20%) of the outstanding Facility amount.

The Credit Agreement is guaranteed by the Company, the Borrower and certain other eligible subsidiaries of the Company and secured by: (i) perfected lien mortgages or deeds of trust and security interests in the Borrowing Base Properties (as defined in the Credit Agreement); (ii) assignments of leases and rents with respect to the Borrowing Base Properties; (iii) assignments of all management agreements, franchise agreements, licenses and other material agreements relating to the Borrowing Base Properties; (iv) perfected first priority liens on all reserve accounts and all operating accounts related to each Borrowing Base Property; and (v) perfected first priority liens on and security interests in each subsidiary guarantor owning a Borrowing Base Property.

## BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Borrowings under the Credit Agreement will bear interest at Daily SOFR or Term SOFR plus 10 basis points (with a 0% floor) plus the applicable margin. Depending on the Company's Net Debt to EBITDA ratio, the applicable margin for SOFR ranges from 2.25% to 3.00%. Default interest would accrue at the applicable rate plus 2.0%.

The Facility contains customary terms, covenants, negative covenants, events of default, limitations and other conditions for credit facilities of this type. Subject to certain exceptions, the Company and the Borrower are subject to restrictions on incurring additional indebtedness and liens, investments, mergers and fundamental changes, sales or other dispositions of property, dividends and stock redemptions, changes in the nature of the Borrower's business, transactions with affiliates and burdensome agreements.

Financial covenants are generally based on the financial condition and results of operations of the Company and its consolidated subsidiaries and include, among others, the following:

- (i) a Consolidated Leverage Ratio (i.e., Consolidated Net Debt to the Consolidated Total Asset Value) of not more than 55%; and
- (ii) a Consolidated Fixed Charge Coverage Ratio (FCCR) (i.e., the ratio of Consolidated Adjusted EBITDA to Consolidated Fixed Charges) of not less than (i) prior to December 31, 2024, 1.1 to 1.0 and (ii) thereafter, 1.25 to 1.0.

The Credit Agreement includes customary events of default, and the occurrence of an event of default will permit the Lenders to terminate commitments to lend under the Credit Agreement and accelerate payments of all amounts outstanding thereunder.

Effective June 30, 2023, LIBOR is no longer published. Accordingly, all variable interest rate mortgage loans held by the Company that used the LIBOR index transitioned to SOFR beginning on July 1, 2023. Not all lenders executed loan amendment documents and instead deferred to original loan documents that dictate changes in index rates.

If we violate covenants in any debt agreement, we could be required to repay all or a portion of our indebtedness before maturity at a time when we might be unable to arrange financing for such repayment on attractive terms, if at all. The assets of certain of our subsidiaries are pledged under non-recourse indebtedness and are not available to satisfy the debts and other obligations of the consolidated group. As of **December 31, 2022** **December 31, 2023**, we were in compliance with all covenants.

## BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Maturities and scheduled amortization of indebtedness as of **December 31, 2022** **December 31, 2023**, assuming no extension of existing extension options for each of the following five years and thereafter are as follows (in thousands):

|            |            |    |           |
|------------|------------|----|-----------|
| 2023       |            | \$ | 667,000   |
| 2024       | 2024       |    | 483,500   |
| 2025       | 2025       |    | 100,000   |
| 2026       | 2026       |    | 86,250    |
| 2027       | 2027       |    | —         |
| 2028       |            |    |           |
| Thereafter | Thereafter |    | —         |
| Total      | Total      | \$ | 1,336,750 |

### 7. Derivative Instruments

**Interest Rate Derivatives**—We are exposed to risks arising from our business operations, economic conditions and financial markets. To manage these risks, we primarily use interest rate derivatives to hedge our debt and our cash flows, which include interest rate caps. All derivatives are recorded at fair value. Payments from counterparties on **in-the-money in-the-money** interest rate caps are recognized as realized gains on our consolidated statements of operations.

## BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

The following table summarizes the interest rate derivatives we entered into over the applicable periods:

| Year Ended December 31,        |                                |            |            |            | Year Ended December 31,      |        |  |        |  |
|--------------------------------|--------------------------------|------------|------------|------------|------------------------------|--------|--|--------|--|
| Year Ended December 31,        |                                |            |            |            | Year Ended December 31,      |        |  |        |  |
| Interest rate caps:            | Interest rate caps:            |            |            |            | Interest rate caps:          |        |  |        |  |
| (1)                            | (1)                            | 2022       | 2021       | 2020       | (1)                          | 2022   |  | 2021   |  |
| Notional amount (in thousands) | Notional amount (in thousands) | \$ 776,500 | \$ 882,500 | \$ 602,500 |                              |        |  |        |  |
| Strike rate low end of range   | Strike rate low end of range   | 3.50 %     | 0.75 %     | 3.00 %     | Strike rate low end of range | 3.50 % |  | 0.75 % |  |



In applying the guidance in ASC 815, it was determined that the warrants should be classified as a liability as a result of certain settlement provisions. The warrants are included in derivative liabilities on the consolidated balance sheets and changes in value are reported as a component of “realized and unrealized gain (loss) on derivatives” on the consolidated statements of operations. This is a Level 2 valuation technique.

8. Fair Value Measurements

**Fair Value Hierarchy**—Our financial instruments measured at fair value either on a recurring or a non-recurring basis are classified in a hierarchy for disclosure purposes consisting of three levels based on the observability of inputs in the marketplace as discussed below:

- Level 1: Fair value measurements that are quoted prices (unadjusted) in active markets that we have the ability to access for identical assets or liabilities. Market price data generally is obtained from exchange or dealer markets.
- Level 2: Fair value measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals.

BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

- Level 3: Fair value measurements based on valuation techniques that use significant inputs that are unobservable. The circumstances for using these measurements include those in which there is little, if any, market activity for the asset or liability.

The fair value of interest rate caps are determined using the market standard methodology of discounting the future expected cash receipts that would occur if variable interest rates **rise** **rose** above the strike rates of the caps. Variable interest rates used in the calculation of projected receipts and payments on the caps are based on an expectation of future interest rates derived from observable market interest rate curves (**LIBOR/SOFR** (**SOFR** forward curves) and volatilities (Level 2 inputs). We also incorporate credit valuation adjustments (Level 3 inputs) to appropriately reflect both our own nonperformance risk and the respective counterparty's nonperformance risk.

When a majority of the inputs used to value our derivatives fall within Level 2 of the fair value hierarchy, the derivative valuations in their entirety are classified in Level 2 of the fair value hierarchy. However, when the valuation adjustments associated with our derivatives utilize Level 3 inputs, such as estimates of current credit spreads, to evaluate the likelihood of default by us and our counterparties, which we consider significant (10% or more) to the overall valuation of our derivatives, the derivative valuations in their entirety are classified in Level 3 of the fair value hierarchy. Transfers of inputs between levels are determined at the end of each reporting period. In determining the fair values of our derivatives at **December 31, 2022** **December 31, 2023**, the **LIBOR/SOFR** interest rate forward curve (Level 2 inputs) assumed **an uptrend a downtrend** from **4.392%** **5.352%** to **4.790%** **3.403%** for the remaining term of our derivatives. Credit spreads (Level 3 inputs) used in determining the fair values derivatives assumed an uptrend in nonperformance risk for us and all of our counterparties through the maturity dates.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table presents our assets and liabilities measured at fair value on a recurring basis aggregated by the level within which measurements fall in the fair value hierarchy (in thousands):

|                          | Quoted | Significant |              | Total |
|--------------------------|--------|-------------|--------------|-------|
|                          | Market | Other       | Significant  |       |
|                          | Prices | Observable  | Unobservable |       |
|                          | (Level | Inputs      | Inputs       |       |
|                          | 1)     | (Level 2)   | (Level 3)    |       |
| <u>December 31, 2022</u> |        |             |              |       |
|                          | Quoted |             |              |       |
|                          | Market |             |              |       |
|                          | Prices |             |              |       |
|                          | (Level |             |              |       |
|                          | 1)     |             |              |       |
|                          | Quoted |             |              |       |
|                          | Market |             |              |       |
|                          | Prices |             |              |       |
|                          | (Level |             |              |       |
|                          | 1)     |             |              |       |
|                          | Quoted |             |              |       |
|                          | Market |             |              |       |
|                          | Prices |             |              |       |
|                          | (Level |             |              |       |
|                          | 1)     |             |              |       |
| <u>December 31, 2023</u> |        |             |              |       |
| <u>December 31, 2023</u> |        |             |              |       |
| <u>December 31, 2023</u> |        |             |              |       |
| Assets                   | Assets |             |              |       |





(1) Reported as "derivative assets" in our consolidated balance sheets.

(2) Reported as "derivative liabilities" in our consolidated balance sheets.

**Effect of Fair Value Measured Assets and Liabilities on Consolidated Statements of Operations**

The following table summarizes the effect of fair value measured assets and liabilities on our consolidated statements of operations (in thousands):

| Gain (Loss) Recognized in Income |  |
|----------------------------------|--|
| Gain (Loss) Recognized in Income |  |
| Gain (Loss) Recognized in Income |  |
| Year Ended December 31,          |  |
| Year Ended December 31,          |  |
| Year Ended December 31,          |  |
| 2023                             |  |



|                                              |     |          |         |         |       |
|----------------------------------------------|-----|----------|---------|---------|-------|
| Realized gain (loss) on interest rate floors |     |          |         |         | (3)   |
| Net                                          | Net | —        | —       | (3,615) |       |
|                                              |     | \$ 4,961 | \$ 32   | \$ 24   |       |
| Net                                          |     |          |         |         |       |
| Total combined                               |     |          |         |         |       |
| Total combined                               |     |          |         |         |       |
| Total combined                               |     |          |         |         |       |
| Interest rate derivatives - caps             |     |          |         |         |       |
| Interest rate derivatives - caps             |     |          |         |         |       |
| Interest rate derivatives - caps             |     |          |         |         |       |
| Warrants                                     |     |          |         |         |       |
| Warrants                                     |     |          |         |         |       |
| Warrants                                     |     |          |         |         |       |
| Unrealized gain (loss) on derivatives        |     |          |         |         |       |
| Unrealized gain (loss) on derivatives        |     |          |         |         |       |
| Unrealized gain (loss) on derivatives        |     |          |         |         |       |
| (1)                                          |     |          |         |         |       |
|                                              |     | \$       | (8,413) | \$      | 4,464 |
|                                              |     |          |         | \$      | 32    |
| Realized gain (loss) on interest rate caps   |     |          |         |         |       |
| Net                                          |     |          |         |         |       |
| Net                                          |     |          |         |         |       |
| Net                                          |     |          |         |         |       |

(1) Reported in "realized and unrealized gain (loss) on derivatives" in our consolidated statements of operations.

(2) Excludes costs associated with credit default swaps of \$191,000 for the year ended December 31, 2020, which is included in "other income (expense)" in our consolidated statements of operations.

(3) Included in "other income (expense)" in our consolidated statements of operations.

(4) Represents settled and unsettled payments from counterparties on interest rate caps.

## 9. Summary of Fair Value of Financial Instruments

Determining the estimated fair values of certain financial instruments such as indebtedness requires considerable judgment to interpret market data. The use of different market assumptions and/or estimation methodologies may have a material effect

### BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

on the estimated fair value amounts. Accordingly, the estimates presented are not necessarily indicative of the amounts at which these instruments could be purchased, sold or settled.

The carrying amounts and estimated fair values of financial instruments were as follows (in thousands):

|                                          | December 31, 2023 |                      | December 31, 2022 |                      |
|------------------------------------------|-------------------|----------------------|-------------------|----------------------|
|                                          | Carrying Value    | Estimated Fair Value | Carrying Value    | Estimated Fair Value |
| Financial assets measured at fair value: |                   |                      |                   |                      |

|                                                   |                                       | December 31, 2022          |                            | December 31, 2021          |                            |
|---------------------------------------------------|---------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Derivative assets                                 |                                       |                            |                            |                            |                            |
|                                                   |                                       | Carrying Value             | Estimated Fair Value       | Carrying Value             | Estimated Fair Value       |
| Financial assets measured at fair value:          |                                       |                            |                            |                            |                            |
| Derivative assets                                 |                                       |                            |                            |                            |                            |
| Derivative assets                                 | Derivative assets                     | \$ 6,482                   | \$ 6,482                   | \$ 139                     | \$ 139                     |
| Financial liabilities measured at fair value:     |                                       |                            |                            |                            |                            |
| Derivative liabilities                            | Derivative liabilities                | \$ 284                     | \$ 284                     | \$ 1,435                   | \$ 1,435                   |
| Derivative liabilities                            |                                       |                            |                            |                            |                            |
| Financial assets not measured at fair value:      |                                       |                            |                            |                            |                            |
| Cash and cash equivalents                         |                                       |                            |                            |                            |                            |
| Cash and cash equivalents                         | Cash and cash equivalents             | \$ 261,541                 | \$ 261,541                 | \$ 215,998                 | \$ 215,998                 |
| Restricted cash                                   | Restricted cash                       | 54,155                     | 54,155                     | 47,376                     | 47,376                     |
| Accounts receivable, net                          | Accounts receivable, net              | 51,448                     | 51,448                     | 23,701                     | 23,701                     |
| Due from related parties, net                     | Due from related parties, net         | 938                        | 938                        | 1,770                      | 1,770                      |
| Due from related parties, net                     |                                       |                            |                            |                            |                            |
| Due from related parties, net                     |                                       |                            |                            |                            |                            |
| Due from third-party hotel managers               | Due from third-party hotel managers   | 26,625                     | 26,625                     | 27,461                     | 27,461                     |
| Financial liabilities not measured at fair value: |                                       |                            |                            |                            |                            |
| Indebtedness                                      |                                       |                            |                            |                            |                            |
| Indebtedness                                      |                                       |                            |                            |                            |                            |
| Indebtedness                                      | Indebtedness                          | \$1,229,671 to \$1,337,250 | \$1,229,671 to \$1,359,110 | \$1,022,408 to \$1,172,312 | \$1,022,408 to \$1,130,029 |
| Accounts payable and accrued expenses             | Accounts payable and accrued expenses | 133,978                    | 133,978                    | 96,316                     | 96,316                     |
| Dividends and distributions payable               | Dividends and distributions payable   | 8,184                      | 8,184                      | 2,173                      | 2,173                      |

|                                   |                                   |        |        |       |       |
|-----------------------------------|-----------------------------------|--------|--------|-------|-------|
| Due to Ashford Inc., net          |                                   | 10,005 | 10,005 | 1,474 | 1,474 |
| Due to Ashford Inc.               |                                   |        |        |       |       |
| Due to Ashford Inc.               |                                   |        |        |       |       |
| Due to Ashford Inc.               |                                   |        |        |       |       |
| Due to related parties, net       |                                   |        |        |       |       |
| Due to third-party hotel managers | Due to third-party hotel managers | 2,096  | 2,096  | 610   | 610   |

**BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

*Cash, cash equivalents and restricted cash.* These financial assets have maturities of less than 90 days and most bear interest at market rates. The carrying value approximates fair value due to their short-term nature. This is considered a Level 1 valuation technique.

*Accounts receivable, net, due to/from related parties, net, accounts payable and accrued expenses, dividends and distributions payable, due to Ashford Inc. Inc and due to/from third-party hotel managers.* The carrying values of these financial instruments approximate their fair values due to the short-term nature of these financial instruments. This is considered a Level 1 valuation technique.

*Derivative assets and derivative liabilities.* See notes 7 and 8 for a complete description of the methodology and assumptions utilized in determining fair values.

*Indebtedness, net.* Fair value of indebtedness is determined using future cash flows discounted at current replacement rates for these instruments. Cash flows are determined using a forward interest rate yield curve. The current replacement rates are determined by using the U.S. Treasury yield curve or the index to which these financial instruments are tied, and adjusted for the credit spreads. Credit spreads take into consideration general market conditions, maturity and collateral. We estimated the fair value of the total indebtedness to be approximately 92.0% to 101.6% 96.0% of the carrying value of \$1.2 billion at December 31, 2023, and approximately 96.8% of the carrying value of \$1.3 billion at December 31, 2022, and approximately 87.2% to 96.4% of the carrying value of \$1.2 billion at December 31, 2021. These fair value estimates are considered a Level 2 valuation technique.

**BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**10. Income (Loss) Per Share**

The following table reconciles the amounts used in calculating basic and diluted income (loss) per share (in thousands, except per share amounts):

|                                                                            |                                                                            | Year Ended December 31, |            |             |      |      |      |
|----------------------------------------------------------------------------|----------------------------------------------------------------------------|-------------------------|------------|-------------|------|------|------|
|                                                                            |                                                                            | 2022                    | 2021       | 2020        |      |      |      |
|                                                                            |                                                                            | Year Ended December 31, |            |             |      |      |      |
|                                                                            |                                                                            | Year Ended December 31, |            |             |      |      |      |
|                                                                            |                                                                            | Year Ended December 31, |            |             |      |      |      |
|                                                                            |                                                                            | 2023                    | 2023       | 2022        | 2023 | 2022 | 2021 |
| Net income (loss) attributable to common stockholders - basic and diluted: | Net income (loss) attributable to common stockholders - basic and diluted: |                         |            |             |      |      |      |
| Net income (loss) attributable to the Company                              | Net income (loss) attributable to the Company                              | \$ 17,761               | \$(26,664) | \$(105,262) |      |      |      |
| Less: Dividends on preferred stock                                         |                                                                            | (21,503)                | (8,745)    | (10,219)    |      |      |      |
| Less: Deemed dividends on preferred stock                                  |                                                                            | (6,954)                 | —          | —           |      |      |      |

|                                                                  |                                                                  |             |                       |
|------------------------------------------------------------------|------------------------------------------------------------------|-------------|-----------------------|
| Less: Dividends on common stock                                  | (5,598)                                                          | —           | —                     |
| Less: Loss on extinguishment of preferred stock - Series B       | —                                                                | (4,595)     | —                     |
| Less: Dividends on unvested performance stock units              | (36)                                                             | —           | —                     |
| Add: Claw back of dividends on cancelled performance stock units | 7                                                                | 143         | 202                   |
| Less: Dividends on unvested restricted shares                    | (38)                                                             | —           | —                     |
| Net income (loss) attributable to the Company                    |                                                                  |             |                       |
| Net income (loss) attributable to the Company                    |                                                                  |             |                       |
| Less: dividends on preferred stock                               |                                                                  |             |                       |
| Less: deemed dividends on preferred stock                        |                                                                  |             |                       |
| Less: dividends on common stock                                  |                                                                  |             |                       |
| Less: loss on extinguishment of preferred stock - Series B       |                                                                  |             |                       |
| Less: dividends on unvested performance stock units              |                                                                  |             |                       |
| Add: claw back of dividends on cancelled performance stock units |                                                                  |             |                       |
| Less: dividends on unvested restricted shares                    |                                                                  |             |                       |
| Undistributed net income (loss) allocated to common stockholders | Undistributed net income (loss) allocated to common stockholders | \$ (16,361) | \$ (39,861) (115,279) |
| Add back: Dividends on common stock                              | 5,598                                                            | —           | —                     |
| Undistributed net income (loss) allocated to common stockholders |                                                                  |             |                       |
| Undistributed net income (loss) allocated to common stockholders |                                                                  |             |                       |

|                                                                     |                                                                     |             |             |              |
|---------------------------------------------------------------------|---------------------------------------------------------------------|-------------|-------------|--------------|
| Add back:                                                           |                                                                     |             |             |              |
| dividends on                                                        |                                                                     |             |             |              |
| common stock                                                        |                                                                     |             |             |              |
| Distributed and undistributed net income (loss) - basic and diluted | Distributed and undistributed net income (loss) - basic and diluted | \$ (10,763) | \$ (39,861) | \$ (115,279) |
| Weighted average common shares outstanding:                         | Weighted average common shares outstanding:                         |             |             |              |
| Weighted average common shares outstanding – basic and diluted      |                                                                     |             |             |              |
|                                                                     |                                                                     | 69,687      | 52,684      | 33,998       |
| Weighted average common shares outstanding:                         |                                                                     |             |             |              |
| Weighted average common shares outstanding:                         |                                                                     |             |             |              |
| Weighted average common shares outstanding – basic                  |                                                                     |             |             |              |
| Weighted average common shares outstanding – basic                  |                                                                     |             |             |              |
| Weighted average common shares outstanding – basic                  |                                                                     |             |             |              |
| Weighted average common shares outstanding – diluted                |                                                                     |             |             |              |
| Weighted average common shares outstanding – diluted                |                                                                     |             |             |              |
| Weighted average common shares outstanding – diluted                |                                                                     |             |             |              |
| Income (loss) per share - basic:                                    | Income (loss) per share - basic:                                    |             |             |              |
| Income (loss) per share - basic:                                    |                                                                     |             |             |              |
| Income (loss) per share - basic:                                    |                                                                     |             |             |              |
| Net income (loss) allocated to common stockholders per share        |                                                                     |             |             |              |
| Net income (loss) allocated to common stockholders per share        |                                                                     |             |             |              |
| Net income (loss) allocated to common stockholders per share        | Net income (loss) allocated to common stockholders per share        | \$ (0.15)   | \$ (0.76)   | \$ (3.39)    |
| Income (loss) per share - diluted:                                  | Income (loss) per share - diluted:                                  |             |             |              |



|                                                              |                                                              |    |        |    |        |    |        |
|--------------------------------------------------------------|--------------------------------------------------------------|----|--------|----|--------|----|--------|
| Net income (loss) allocated to common stockholders per share | Net income (loss) allocated to common stockholders per share | \$ | (0.15) | \$ | (0.76) | \$ | (3.39) |
| Net income (loss) allocated to common stockholders per share |                                                              |    |        |    |        |    |        |
| Net income (loss) allocated to common stockholders per share |                                                              |    |        |    |        |    |        |

**BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

Due to their anti-dilutive effect, the computation of diluted income (loss) per share does not reflect the adjustments for the following items (in thousands):

|                                                                                            |                                                                                            | Year Ended December 31, |         |          |      |      |   |  |
|--------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|-------------------------|---------|----------|------|------|---|--|
|                                                                                            |                                                                                            | 2022                    | 2021    | 2020     |      |      |   |  |
|                                                                                            |                                                                                            | Year Ended December 31, |         |          |      |      |   |  |
|                                                                                            |                                                                                            | Year Ended December 31, |         |          |      |      |   |  |
|                                                                                            |                                                                                            | Year Ended December 31, |         |          |      |      |   |  |
|                                                                                            |                                                                                            | 2023                    |         |          | 2023 | 2022 |   |  |
|                                                                                            |                                                                                            | 2023                    |         |          | 2023 | 2022 |   |  |
| Net income (loss) allocated to common stockholders is not adjusted for:                    | Net income (loss) allocated to common stockholders is not adjusted for:                    |                         |         |          |      |      |   |  |
| Income (loss) allocated to unvested restricted shares                                      |                                                                                            |                         |         |          |      |      |   |  |
| Income (loss) allocated to unvested restricted shares                                      |                                                                                            |                         |         |          |      |      |   |  |
| Income (loss) allocated to unvested restricted shares                                      | Income (loss) allocated to unvested restricted shares                                      | \$                      | 38      | \$       | —    | \$   | — |  |
| Income (loss) allocated to unvested performance stock units                                | Income (loss) allocated to unvested performance stock units                                |                         | 30      |          | —    |      | — |  |
| Income (loss) attributable to redeemable noncontrolling interests in operating partnership | Income (loss) attributable to redeemable noncontrolling interests in operating partnership | (476)                   | (3,597) | (12,979) |      |      |   |  |
| Dividends on preferred stock - Series B                                                    | Dividends on preferred stock - Series B                                                    | 4,233                   | 4,747   | 6,919    |      |      |   |  |

|                                                                         |                                                                         |                 |                |                  |
|-------------------------------------------------------------------------|-------------------------------------------------------------------------|-----------------|----------------|------------------|
| Loss on extinguishment of preferred stock - Series B                    | Loss on extinguishment of preferred stock - Series B                    | —               | 4,595          | —                |
| Loss on extinguishment of preferred stock - Series B                    |                                                                         |                 |                |                  |
| Loss on extinguishment of preferred stock - Series B                    |                                                                         |                 |                |                  |
| Interest expense on Convertible Senior Notes                            | Interest expense on Convertible Senior Notes                            | 4,435           | 3,378          | —                |
| Dividends on preferred stock - Series E (inclusive of deemed dividends) | Dividends on preferred stock - Series E (inclusive of deemed dividends) | 18,969          | 683            | —                |
| Dividends on preferred stock - Series M (inclusive of deemed dividends) | Dividends on preferred stock - Series M (inclusive of deemed dividends) | 1,955           | 15             | —                |
| Total                                                                   | Total                                                                   | <u>\$29,184</u> | <u>\$9,821</u> | <u>\$(6,060)</u> |
| Weighted average diluted shares are not adjusted for:                   | Weighted average diluted shares are not adjusted for:                   |                 |                |                  |
| Effect of unvested restricted shares                                    |                                                                         |                 |                |                  |
| Effect of unvested restricted shares                                    |                                                                         |                 |                |                  |
| Effect of unvested restricted shares                                    | Effect of unvested restricted shares                                    | 39              | 99             | 22               |
| Effect of unvested performance stock units                              | Effect of unvested performance stock units                              | —               | —              | —                |
| Effect of assumed conversion of operating partnership units             | Effect of assumed conversion of operating partnership units             | 5,907           | 4,980          | 3,923            |
| Effect of assumed conversion of preferred stock - Series B              | Effect of assumed conversion of preferred stock - Series B              | 4,116           | 4,614          | 6,728            |

|                                                                      |                                                                      |               |               |               |
|----------------------------------------------------------------------|----------------------------------------------------------------------|---------------|---------------|---------------|
| Effect of assumed conversion of exchanged preferred stock - Series B | Effect of assumed conversion of exchanged preferred stock - Series B | —             | 364           | —             |
| Effect of contingently issuable shares                               | Effect of contingently issuable shares                               | 1             | —             | —             |
| Effect of assumed conversion of Convertible Senior Notes             | Effect of assumed conversion of Convertible Senior Notes             | 13,609        | 8,450         | —             |
| Effect of assumed conversion of preferred stock - Series E           | Effect of assumed conversion of preferred stock - Series E           | 34,730        | 1,345         | —             |
| Effect of assumed conversion of preferred stock - Series M           | Effect of assumed conversion of preferred stock - Series M           | 3,366         | 32            | —             |
| <b>Total</b>                                                         | <b>Total</b>                                                         | <b>61,768</b> | <b>19,884</b> | <b>10,673</b> |

**BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

#### 11. Redeemable Noncontrolling Interests in Operating Partnership

Redeemable noncontrolling interests in the operating partnership represents the limited partners' proportionate share of equity and their allocable share of equity in earnings/losses of Braemar OP, which is an allocation of net income/loss attributable to the common unitholders based on the weighted average ownership percentage of these limited partners' common units of limited partnership interest in the operating partnership (the "common units") and units issued under our Long-Term Incentive Plan (the "LTIP" units) that are vested. Each common unit may be redeemed, by the holder, for either cash or, at our sole discretion, up to one share of our REIT common stock, which is either: (i) issued pursuant to an effective registration statement; (ii) included in an effective registration statement providing for the resale of such common stock; or (iii) issued subject to a registration rights agreement.

LTIP units, which are issued to certain executives and employees of Ashford LLC as compensation, generally have vesting periods of three years. Additionally, certain independent members of the board of directors have elected to receive LTIP units as part of their compensation, which are fully vested upon grant. Upon reaching economic parity with common units, each vested LTIP unit can be converted by the holder into one common unit which can then be redeemed for cash or, at our election, settled in our common stock. An LTIP unit will achieve parity with the common units upon the sale or deemed sale of all or substantially all of the assets of our operating partnership at a time when our stock is trading at a level in excess of the price it was trading on the date of the LTIP issuance. More specifically, LTIP units will achieve full economic parity with common units in connection with (i) the actual sale of all or substantially all of the assets of our operating partnership; or (ii) the hypothetical sale of such assets, which results from a capital account revaluation, as defined in the partnership agreement, for our operating partnership.

The compensation committee of the board of directors of the Company may authorize the issuance of Performance LTIP units to certain executive officers and directors from time to time. The award agreements provide for the grant of a target number of Performance LTIP units that will be settled in common units of Braemar OP, if, when and to the extent the applicable vesting criteria have been achieved following the end of the performance and service period, which is generally three years from the grant date. As of December 31, 2022 December 31, 2023, there were approximately 2.0 1.5 million unvested Performance LTIP units, representing 200% of the target, outstanding.

With respect to the 2020 award agreements, the number of Performance LTIP units to be earned ranged from 0% to 200% of target based on achievement of a specified relative total stockholder return based on the formula determined by the Company's compensation committee on the grant date. The performance criteria for the Performance LTIP units are based on market conditions under the relevant literature. The corresponding compensation cost is recognized ratably over the service period for the award as the service is rendered, based on the grant date fair value of the award, regardless of the actual outcome of the market condition. During the year end December 31, 2022, approximately 113,000 Performance LTIP units granted in 2020 were canceled due to the market conditions criteria not being met.

With respect to the 2021, 2022 and 2022 2023 award agreements, the compensation committee shifted to a new performance metric, pursuant to which, the performance awards will be eligible to vest, from 0% to 200% of target, based on achievement of certain performance targets over the three-year performance period. The performance criteria for the 2021, 2022 and 2022 2023

**BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

performance grants are based on performance conditions under the relevant literature. The corresponding compensation cost is recognized ratably over the service period for the award as the service is rendered, based on the grant applicable measurement date fair value of the award. The grant date fair value of the award may vary from period to period, as the number of performance grants earned may vary since the estimated probable achievement of certain performance targets may vary from period to period. As of December 31, 2023, approximately 840,000 Performance LTIP units granted in 2021, deemed to have met the performance conditions, became fully vested at 200% of the target.

As of December 31, 2022 December 31, 2023, we have issued a total of approximately 3.5 million 3.0 million LTIP and Performance LTIP units, net of Performance LTIP cancellations. All LTIP and Performance LTIP units, other than approximately 569,000 614,000 LTIP units and 840,000 353,000 Performance LTIP units issued from March 2015 to May 2021, 2023, had reached full economic parity with, and are convertible into, common units.

**BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

The following table presents compensation expense for Performance LTIP units and LTIP units (in thousands):

|                                    |                                    |                                       | Year Ended December 31, |          |          |
|------------------------------------|------------------------------------|---------------------------------------|-------------------------|----------|----------|
|                                    |                                    |                                       | Year Ended December 31, |          |          |
|                                    |                                    |                                       | Year Ended December 31, |          |          |
|                                    |                                    |                                       | Year Ended December 31, |          |          |
| Type                               | Type                               | Line Item                             | 2022                    | 2021     | 2020     |
| Type                               | Type                               |                                       |                         |          |          |
| Performance LTIP units             |                                    |                                       |                         |          |          |
| Performance LTIP units             |                                    |                                       |                         |          |          |
| Performance LTIP units             | Performance LTIP units             | Advisory services fee                 | \$ 4,301                | \$ 1,765 | \$ 884   |
| LTIP units                         | LTIP units                         | Advisory services fee                 | 1,229                   | 1,372    | 1,142    |
| LTIP units                         | LTIP units                         | Corporate, general and administrative | 28                      | 12       | —        |
| LTIP units                         |                                    |                                       |                         |          |          |
| LTIP units                         |                                    |                                       |                         |          |          |
| LTIP units                         |                                    |                                       |                         |          |          |
| LTIP units                         |                                    |                                       |                         |          |          |
| LTIP units - independent directors |                                    |                                       |                         |          |          |
| LTIP units - independent directors |                                    |                                       |                         |          |          |
| LTIP units - independent directors | LTIP units - independent directors | Corporate, general and administrative | 252                     | 164      | 120      |
| Total                              | Total                              |                                       | \$ 5,810                | \$ 3,313 | \$ 2,146 |
| Total                              |                                    |                                       |                         |          |          |
| Total                              |                                    |                                       |                         |          |          |

The unamortized cost of the unvested Performance LTIP units of approximately \$7.0 million \$2.7 million at December 31, 2022 December 31, 2023 will be expensed over a period of 2.0 years with a weighted average period of 1.6 1.2 years. The unamortized cost of the unvested LTIP units of approximately \$1.3 million \$211,000 at December 31, 2022 December 31, 2023, will be amortized over a period of 1.2 0.2 years with a weighted average period of 1.2 0.2 years.

A summary of the activity of the units in our operating partnership is as follows (in thousands):

|                                        |                                        | Year Ended December 31, |       |       |
|----------------------------------------|----------------------------------------|-------------------------|-------|-------|
|                                        |                                        | 2022                    | 2021  | 2020  |
|                                        |                                        | Year Ended December 31, |       |       |
|                                        |                                        | 2023                    | 2022  | 2021  |
| Units outstanding at beginning of year | Units outstanding at beginning of year | 7,158                   | 4,277 | 4,538 |

|                                             |                                             |       |       |       |
|---------------------------------------------|---------------------------------------------|-------|-------|-------|
| LTIP units issued                           |                                             |       |       |       |
| LTIP units issued                           |                                             |       |       |       |
| LTIP units issued                           | LTIP units issued                           | 44    | 469   | 129   |
| Performance LTIP units issued               | Performance LTIP units issued               | 1,194 | 840   | 160   |
| Common units issued for hotel acquisition   | Common units issued for hotel acquisition   | —     | 2,500 | —     |
| Units redeemed for shares of common stock   | Units redeemed for shares of common stock   | —     | (868) | (339) |
| Units redeemed for cash                     |                                             |       |       |       |
| Performance LTIP units cancelled            |                                             |       |       |       |
| Performance LTIP units cancelled            |                                             |       |       |       |
| Performance LTIP units cancelled            | Performance LTIP units cancelled            | (113) | (60)  | (211) |
| Units outstanding at end of year            | Units outstanding at end of year            | 8,283 | 7,158 | 4,277 |
| Units convertible/redeemable at end of year | Units convertible/redeemable at end of year | 5,841 | 5,533 | 3,823 |

The following table presents the redeemable noncontrolling interests in Braemar OP (in thousands) and the corresponding approximate ownership percentage of our operating partnership:

|                                                                   | December 31, 2022 |        | December 31, 2021 |        |
|-------------------------------------------------------------------|-------------------|--------|-------------------|--------|
| Redeemable noncontrolling interests in Braemar OP                 | \$                | 40,555 | \$                | 36,087 |
| Adjustments to redeemable noncontrolling interests <sup>(1)</sup> | \$                | 70     | \$                | 275    |
| Ownership percentage of operating partnership                     |                   | 7.69 % |                   | 8.83 % |

|                                                                                  | December 31, 2023 |        | December 31, 2022 |        |
|----------------------------------------------------------------------------------|-------------------|--------|-------------------|--------|
| Redeemable noncontrolling interests in Braemar OP (in thousands)                 | \$                | 32,395 | \$                | 40,555 |
| Adjustments to redeemable noncontrolling interests <sup>(1)</sup> (in thousands) | \$                | 66     | \$                | 70     |
| Ownership percentage of operating partnership                                    |                   | 6.63 % |                   | 7.69 % |

<sup>(1)</sup> Reflects the excess of the redemption value over the accumulated historical cost.

**BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

We allocated net (income) loss to the redeemable noncontrolling interests as illustrated in the table below (in thousands):

| Year Ended December 31, |      |      |      |  |
|-------------------------|------|------|------|--|
| 2022                    | 2021 | 2020 |      |  |
| Year Ended December 31, |      |      |      |  |
| Year Ended December 31, |      |      |      |  |
| Year Ended December 31, |      |      |      |  |
| Year Ended December 31, |      |      |      |  |
| 2023                    | 2023 | 2022 | 2021 |  |

|                                                                                                |                                                                                                |       |         |          |
|------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|-------|---------|----------|
| Net (income) loss attributable to redeemable noncontrolling interests in operating partnership | Net (income) loss attributable to redeemable noncontrolling interests in operating partnership | \$476 | \$3,597 | \$12,979 |
| Distributions declared to holders of common units, LTIP units and Performance LTIP units       | Distributions declared to holders of common units, LTIP units and Performance LTIP units       | 665   | —       | —        |
| Performance LTIP dividend claw back upon cancellation                                          | Performance LTIP dividend claw back upon cancellation                                          | (4)   | (38)    | (270)    |

The following table presents the common units redeemed and the fair value at redemption (in thousands):

[illegible]

- (1) The redemption value is the greater of historical cost or fair value. The historical cost of the converted units was \$3.5 million.
- (2) The redemption value is the greater of historical cost or fair value. The historical cost of the converted units was \$4.6 million.

The following table presents the common units redeemed for cash (in thousands):

|                                     | Year Ended December 31, |      |      |
|-------------------------------------|-------------------------|------|------|
|                                     | 2023                    | 2022 | 2021 |
| Units redeemed                      | 1,456                   | —    | —    |
| Cash value of common units redeemed | \$ 7,162 <sup>(1)</sup> | —    | —    |

- (3) Includes Mr. Monty J. Bennett's 1.4 million common units redeemed for cash of approximately \$7.0 million during February 2023.

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 12. Equity

**Common Stock Dividends**—The following table summarizes the common stock dividends declared during the period (in thousands):

|                                 | Year Ended December 31, |      |      |
|---------------------------------|-------------------------|------|------|
|                                 | 2022                    | 2021 | 2020 |
| Common stock dividends declared | \$ 5,665                | \$ — | \$ — |

|                                 | Year Ended December 31, |          |      |
|---------------------------------|-------------------------|----------|------|
|                                 | 2023                    | 2022     | 2021 |
| Common stock dividends declared | \$ 13,423               | \$ 5,665 | \$ — |

**8.25% Series D Cumulative Preferred Stock**—At December 31, 2022, December 31, 2023 and 2021, 2022, there were 1.6 million shares of 8.25% Series D cumulative preferred stock outstanding. The Series D cumulative preferred stock ranks senior to all classes or series of the Company's common stock and future junior securities, on a parity with each series of the Company's outstanding preferred stock (the Series B cumulative convertible preferred stock) and with any future parity securities and junior to future senior securities and to all of the Company's existing and future indebtedness, with respect to the payment of dividends and the distribution of amounts upon liquidation, dissolution or winding up of the Company's affairs. Series D cumulative preferred stock has no maturity date, and we are not required to redeem the shares at any time. Series D cumulative preferred stock is redeemable at our option for cash (on or after November 20, 2023), in whole or from time to time in part, at a redemption price of \$25.00 per share plus accrued and unpaid dividends, if any, at the redemption date. Series D cumulative preferred stock may be converted into shares of our common stock, at the option of the holder, in certain limited circumstances such as a change of control. Each share of Series D cumulative preferred stock is convertible into a maximum 5.12295 shares of our common stock. The actual number is based on a formula as defined in the Series D cumulative preferred stock agreement (unless the Company exercises its right to redeem the Series D cumulative preferred shares for cash, for a limited period upon a change in control). The necessary conditions to convert the Series D cumulative preferred stock to common stock have not been met as of period end. Therefore, Series D cumulative preferred stock will not impact our earnings per share. Series D cumulative preferred stock quarterly dividends are set at the rate of 8.25% of the \$25.00 liquidation preference (equivalent to an annual dividend rate of \$2.0625 per share). In general, Series D cumulative preferred stockholders have no voting rights.

#### BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

The Series D Preferred Stock dividend for all issued and outstanding shares is set at \$2.0625 per annum per share.

The following table summarizes dividends declared (in thousands):

|                                     | Year Ended December 31, |          |          |
|-------------------------------------|-------------------------|----------|----------|
|                                     | 2022                    | 2021     | 2020     |
| Series D Cumulative Preferred Stock | \$ 3,300                | \$ 3,300 | \$ 3,300 |

|                                     | Year Ended December 31, |          |          |
|-------------------------------------|-------------------------|----------|----------|
|                                     | 2023                    | 2022     | 2021     |
| Series D Cumulative Preferred Stock | \$ 3,300                | \$ 3,300 | \$ 3,300 |

**Stock Repurchases**—On December 7, 2022, our board of directors approved a new stock repurchase program pursuant to which the board granted a repurchase authorization to acquire shares of the Company's common stock, par value \$0.01 per share, having an aggregate value of up to \$25 million. The board of directors' authorization replaced any previous repurchase authorizations. During the year ended December 31, 2022 December 31, 2023, we repurchased 1.5 million 3.9 million shares of our common stock for approximately \$6.1 18.9 million. During the year ended December 31, 2022, we repurchased 1.5 million shares of our common stock for approximately \$6.1 million. No shares were repurchased under any stock repurchase program during the years ended December 31, 2021 and 2020. As of December 31, 2022 December 31, 2023, \$18.9 million remains authorized by the board of directors pursuant to Company has completed the December 7, 2022 approval. See note 22, \$25 million repurchase authorization.

We repurchased approximately 83,000, 262,000 50,000 and 47,000 50,000 shares of our common stock in 2023, 2022 2021 and 2020, 2021, respectively, to satisfy employees' statutory minimum U.S. federal income tax obligations in connection with vesting of equity grants issued under our stock-based compensation plan.

**At-the-Market Common Stock Equity Distribution Program**—On December 11, 2017, the Company established an "at-the-market" equity distribution program pursuant to which it may, from time to time, sell shares of its common stock having an aggregate offering price of up to \$50 million.

As of December 31, 2022 December 31, 2023, the Company has sold approximately 7.4 million shares of common stock and received net proceeds of approximately \$30.5 million under this program.

**BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

The issuance activity is summarized below (in thousands):

|                         |                         | Year Ended December 31, |                         |           |
|-------------------------|-------------------------|-------------------------|-------------------------|-----------|
|                         |                         | 2022                    | 2021                    | 2020      |
|                         |                         |                         | Year Ended December 31, |           |
|                         |                         |                         | Year Ended December 31, |           |
|                         |                         |                         | Year Ended December 31, |           |
|                         |                         | 2023                    |                         |           |
|                         |                         | 2023                    |                         |           |
|                         |                         | 2023                    |                         |           |
| Common shares issued    |                         |                         |                         |           |
| Common shares issued    |                         |                         |                         |           |
| Common shares issued    | Common shares issued    | —                       | 2,711                   | 4,729     |
| Gross proceeds received | Gross proceeds received | \$ —                    | \$ 16,119               | \$ 14,717 |
| Gross proceeds received |                         |                         |                         |           |
| Gross proceeds received |                         |                         |                         |           |
| Commissions             |                         |                         |                         |           |
| Commissions             |                         |                         |                         |           |
| Commissions             | Commissions             | —                       | 202                     | 184       |
| Net proceeds            | Net proceeds            | \$ —                    | \$ 15,917               | \$ 14,533 |
| Net proceeds            |                         |                         |                         |           |
| Net proceeds            |                         |                         |                         |           |

**Standby Equity Distribution Agreement**—On February 4, 2021, the Company entered into a Standby Equity Distribution Agreement (the "SEDA") with YA II PN, Ltd. ("YA"), pursuant to which the Company will be able to sell up to 7,780,786 shares of its common stock (the "Commitment Amount") at the Company's request any time during the commitment period commencing on February 4, 2021, and terminating on the earliest of: (i) the first day of the month next following the 36-month anniversary of the SEDA; or (ii) the date on which YA shall have made payment of Advances (as defined in the SEDA) pursuant to the SEDA for shares of the Company's common stock equal to the Commitment Amount (the "Commitment Period"). Other than with respect to the Initial Advance (as defined below) the shares sold to YA pursuant to the SEDA would be purchased at 95% of the Market Price (as defined below) and would be subject to certain limitations, including that YA could not purchase any shares that would result in it owning more than 4.99% of the Company's common stock. "Market Price" shall mean the lowest daily VWAP (as defined below) of the Company's common stock during the five consecutive trading days commencing on the trading day following the date the Company submits an advance notice to YA. "VWAP" means, for any trading day, the daily volume weighted average price of the Company's common stock for such date on the principal market as reported by Bloomberg L.P. during regular trading hours. The agreement terminated on February 4, 2024.

At any time during the Commitment Period the Company may require YA to purchase shares of the Company's common stock by delivering a written notice to YA setting forth the Advance Shares (as defined in the SEDA) that the Company desires to issue and sell to YA (the "Advance Notice"). The Company may deliver an Advance Notice for an initial Advance for up to 1,200,000 Advance Shares (the "Initial Advance"). The preliminary purchase price per share for such shares shall be 100% of the average daily VWAP for the five consecutive trading days immediately prior to the date of the Advance Notice.

Pursuant to the SEDA, we currently intend to use the net proceeds from any sale of the shares for working capital purposes, including the repayment of outstanding debt. There are no other restrictions on future financing transactions. The SEDA does not contain any right of first refusal, participation rights, penalties or liquidated damages. We are not



required to pay any

**BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

additional amounts to reimburse or otherwise compensate YA in connection with the transaction except for a \$10,000 structuring fee. As of **December 31, 2022** **December 31, 2023**, the Company has sold approximately 1.7 million shares of common stock and received proceeds of approximately \$10.0 million under the SEDA.

The issuance activity under the SEDA is summarized below (in thousands):

|                          | Year Ended December 31, |           |
|--------------------------|-------------------------|-----------|
|                          | 2022                    | 2021      |
| Common shares sold to YA | —                       | 1,700     |
| Proceeds received        | \$ —                    | \$ 10,000 |

**Common Stock Resale Agreement**—On April 21, 2021, the Company entered into a purchase agreement (the “Lincoln Park Purchase Agreement”) with Lincoln Park Capital Fund, LLC (“Lincoln Park”), pursuant to which the Company may issue or sell to Lincoln Park up to 8,893,565 shares of the Company’s common stock from time to time during the term of the Lincoln Park Purchase Agreement.

Upon entering into the Lincoln Park Purchase Agreement, the Company issued 15,000 shares of the Company’s common stock as consideration for Lincoln Park’s execution and delivery of the Lincoln Park Purchase Agreement.

As of December 31, 2022, the Company has issued approximately 766,000 shares of common stock for gross proceeds of approximately \$4.2 million under the Lincoln Park Purchase Agreement.

**BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

The issuance activity under the Lincoln Park Purchase Agreement is summarized below (in thousands):

|                                            | Year Ended December 31, |          |
|--------------------------------------------|-------------------------|----------|
|                                            | 2022                    | 2021     |
| Common shares sold to Lincoln Park         | —                       | 766      |
| Additional commitment shares               | —                       | 15       |
| Total common shares issued to Lincoln Park | —                       | 781      |
| Proceeds received                          | \$ —                    | \$ 4,217 |

**At-the-Market Equity Distribution Agreement**—On May 25, 2021, the Company entered into an equity distribution agreement (the “Virtu May 2021 EDA”) with Virtu Americas LLC (“Virtu”), to sell from time to time shares of the Company’s common stock having an aggregate offering price of up to \$50 million. We will pay Virtu a commission of approximately 1.0% of the gross sales price of the shares of our common stock sold. The Company may also sell some or all of the shares of our common stock to Virtu as principal for its own account at a price agreed upon at the time of sale.

As of December 31, 2022, all shares of common stock under the Virtu May 2021 EDA have been sold.

The issuance activity under the Virtu May 2021 EDA is summarized below (in thousands):

|                         | Year Ended December 31, |           |
|-------------------------|-------------------------|-----------|
|                         | 2022                    | 2021      |
| Common shares issued    | —                       | 8,339     |
| Gross proceeds received | \$ —                    | \$ 50,000 |
| Commissions             | —                       | 500       |
| Net proceeds            | \$ —                    | \$ 49,500 |

|                          | Year Ended December 31, |      |           |
|--------------------------|-------------------------|------|-----------|
|                          | 2023                    | 2022 | 2021      |
| Common shares sold to YA | —                       | —    | 1,700     |
| Proceeds received        | \$ —                    | \$ — | \$ 10,000 |

As of **December 31, 2022** **December 31, 2023**, the Company has sold approximately 4.7 million shares of common stock under the Virtu July 2021 EDA and received gross proceeds of approximately \$24.0 million.

|                         |                            | Year Ended<br>December 31, |          |
|-------------------------|----------------------------|----------------------------|----------|
|                         |                            | 2022                       | 2021     |
|                         | Year Ended<br>December 31, |                            |          |
|                         | Year Ended<br>December 31, |                            |          |
|                         | Year Ended<br>December 31, |                            |          |
|                         | 2023                       | 2023                       | 2022     |
|                         |                            |                            | 2021     |
| Common shares issued    | Common shares issued       | —                          | 4,712    |
| Gross proceeds received | Gross proceeds received    | \$ —                       | \$24,020 |
| Commissions             | Commissions                | —                          | 240      |
| Net proceeds            | Net proceeds               | \$ —                       | \$23,780 |

The following table summarizes the (income) loss allocated to the noncontrolling interest in consolidated entities (in thousands):

|                                                                                   | Year Ended December 31, |          |          |
|-----------------------------------------------------------------------------------|-------------------------|----------|----------|
|                                                                                   | 2022                    | 2021     | 2020     |
|                                                                                   |                         |          |          |
| (Income) loss from consolidated entities attributable to noncontrolling interests | \$ (2,063)              | \$ 2,650 | \$ 6,436 |

  

|                                                                                   | Year Ended December 31, |            |          |
|-----------------------------------------------------------------------------------|-------------------------|------------|----------|
|                                                                                   | 2023                    | 2022       | 2021     |
|                                                                                   |                         |            |          |
| (Income) loss from consolidated entities attributable to noncontrolling interests | \$ (1,619)              | \$ (2,063) | \$ 2,650 |

### 13. Redeemable Preferred Stock

**5.50% Series B Cumulative Convertible Preferred Stock**

The Company may, at its option, cause the Series B Convertible Preferred Stock to be converted in whole or in part, on a pro-rata basis, into fully paid and nonassessable shares of the Company's common stock at the conversion price, provided that the "Closing Bid Price" (as defined in the Articles Supplementary) of the Company's common stock shall have equaled or exceeded 110% of the conversion price for the immediately preceding 45 consecutive trading days ending three days prior to the date of notice of conversion.

Additionally, the Series B Convertible Preferred Stock contains cash redemption features that consist of: 1) an optional redemption in which on or after June 11, 2020, the Company may redeem shares of the Series B Convertible Preferred Stock, in whole or in part, for cash at a redemption price of \$25.00 per share, plus any accumulated, accrued and unpaid dividends; 2) a special optional redemption, in which on or prior to the occurrence of a Change of Control (as defined in the Articles

**BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

Supplementary), the Company may redeem shares of the Series B Convertible Preferred Stock, in whole or in part, for cash at a redemption price of \$25.00 per share; and 3) a "REIT Termination Event" and "Listing Event Redemption," in which at any time (i) a REIT Termination Event (as defined below) occurs or (ii) the Company's common stock fails to be listed on the NYSE, NYSE American, or NASDAQ, or listed or quoted on an exchange or quotation system that is a successor thereto (each, a "National Exchange"), the holder of Series B Convertible Preferred Stock shall have the right to require the Company to redeem any or all shares of Series B Convertible Preferred Stock at 103% of the liquidation preference (\$25.00 per share, plus any accumulated, accrued, and unpaid dividends) in cash.

A "REIT Termination Event," shall mean the earliest of:

- (i) filing of a federal income tax return where the Company does not compute its income as a REIT;
- (ii) stockholders' approval on ceasing to be qualified as a REIT;
- (iii) board of directors' approval on ceasing to be qualified as a REIT;
- (iv) board's determination based on the advice of counsel to cease to be qualified as a REIT; or
- (v) determination within the meaning of Section 1313(a) of the Code to cease to be qualified as a REIT.

On December 4, 2019, we entered into equity distribution agreements with certain sales agents to sell from time to time shares of our Series B Convertible Preferred Stock having an aggregate offering price of up to \$40.0 million. Sales of shares of our Series B Convertible Preferred Stock may be made in negotiated transactions or transactions that are deemed to be "at-the-market" offerings as defined in Rule 415 of the Securities Act of 1933, as amended (the "Securities Act"), including sales made directly on the NYSE, the existing trading market for our Series B Convertible Preferred Stock, or sales made to or through a market maker other than on an exchange or through an electronic communications network. We will pay each of the sales agents a commission, which in each case shall not be more than 2.0% of the gross sales price of the shares of our Series B Convertible Preferred Stock sold through such sales agents. As of December 31, 2022 December 31, 2023, we have sold approximately 65,000 shares of our Series B Convertible Preferred Stock and received proceeds of approximately \$1.2 million under this program.

The issuance activity is summarized below (in thousands):

|                                                    | Year Ended December 31, |      |        |
|----------------------------------------------------|-------------------------|------|--------|
|                                                    | 2022                    | 2021 | 2020   |
| Series B Convertible Preferred Stock shares issued | —                       | —    | 23     |
| Gross proceeds received                            | \$ —                    | \$ — | \$ 439 |
| Commissions                                        | —                       | —    | 7      |
| Net proceeds                                       | \$ —                    | \$ — | \$ 432 |

**BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

Series B Convertible Preferred Stock does not meet the requirements for permanent equity classification prescribed by the authoritative guidance because of certain cash redemption features that are outside our control. As such, the Series B Convertible Preferred Stock is classified outside of permanent equity.

The following table summarizes dividends declared (in thousands):

|                                      | Year Ended December 31, |          |          |
|--------------------------------------|-------------------------|----------|----------|
|                                      | 2022                    | 2021     | 2020     |
| Series B Convertible Preferred Stock | \$ 4,233                | \$ 4,747 | \$ 6,919 |

|                                      | Year Ended December 31, |          |          |
|--------------------------------------|-------------------------|----------|----------|
|                                      | 2023                    | 2022     | 2021     |
| Series B Convertible Preferred Stock | \$ 4,233                | \$ 4,233 | \$ 4,747 |

During the year ended December 31, 2021, Braemar entered into privately negotiated exchange agreements with certain holders of the Series B Convertible Preferred Stock, in reliance on Section 3(a)(9) of the Securities Act.

The table below summarizes the activity (in thousands):

|                                      | Year Ended December 31, 2021 |                      |
|--------------------------------------|------------------------------|----------------------|
|                                      | Preferred Shares Tendered    | Common Shares Issued |
| Series B Convertible Preferred Stock | 1,953                        | 7,291                |

There were no preferred stock exchanges for the year years ended December 31, 2022. December 31, 2023 and 2022.

#### Series E Redeemable Preferred Stock

On April 2, 2021, the Company entered into equity distribution agreements with certain sales agents to sell, from time to time, shares of the Series E Redeemable Preferred Stock (the "Series E Preferred Stock"). Pursuant to such equity distribution agreements, the Company is offering offered a maximum of 20,000,000 shares of Series E Preferred Stock in a primary offering at a price of \$25.00 per share. On February 21, 2023, the Company announced the closing of its Series E Preferred Stock offering. The Company is also offering a maximum of 8,000,000 shares of the Series E Preferred Stock pursuant to a dividend reinvestment plan (the "DRIP") at \$25.00 per share (the "Stated Value").

The Series E Preferred Stock ranks senior to all classes or series of the Company's common stock and future junior securities, on a parity with each series of the Company's outstanding preferred stock (the Series B Convertible Preferred stock,

#### BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

the Series D Preferred Stock and the Series M Preferred Stock (as defined below)) and with any future parity securities and junior to future senior securities and to all of the Company's existing and future indebtedness, with respect to the payment of dividends and the distribution of amounts upon liquidation, dissolution or winding up of the Company's affairs.

Holders of the Series E Preferred Stock shall have the right to vote for the election of directors of the Company and on all other matters requiring stockholder action by the holders of the common stock, each share being entitled to vote to the same extent as one share of the Company's common stock, and all such shares voting together as a single class. If and whenever dividends on any shares of the Series E Preferred Stock shall be in arrears for 18 or more monthly periods, whether or not such quarterly periods are consecutive, the number of directors then constituting the board shall be increased by two and the holders of such shares of Series E Preferred Stock (voting together as a single class with all other classes or series of capital stock ranking on a parity with the Series E Preferred Stock) shall be entitled to vote for the election of the additional directors of the Company who shall each be elected for one-year terms.

Each share is redeemable at any time, at the option of the holder, at a redemption price of \$25.00 per share, plus any accumulated, accrued and unpaid dividends, less a redemption fee. Starting on the second anniversary, each share is redeemable at any time, at the option of the Company, at a redemption price of \$25.00 per share, plus any accumulated, accrued and unpaid dividends (with no redemption fee). The Series E Preferred Stock is also subject to conversion upon certain events constituting a change of control. Upon such change of control events, holders have the option to convert their shares of Series E Preferred Stock into a maximum of 5.69476 shares of our common stock.

The redemption fee shall be an amount equal to:

- 8.0% of the stated value of \$25.00 per share (the "Stated Value") beginning on the Original Issue Date (as defined in the Articles Supplementary) of the shares of the Series E Preferred Stock to be redeemed;
- 5.0% of the Stated Value beginning on the second anniversary from the Original Issue Date of the shares of the Series E Preferred Stock to be redeemed; and
- 0% of the Stated Value beginning on the third anniversary from the Original Issue Date of the shares of the Series E Preferred Stock to be redeemed.

#### BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

The Company has the right, in its sole discretion, to redeem the shares in cash, or in an equal number of shares of common stock or any combination thereof, calculated based on the closing price per share for the single trading day prior to the date of redemption.

The Series E Preferred Stock cash dividends are as follows:

- 8.0% 8.00% per annum of the Stated Value beginning on the date of the first settlement of the Series E Preferred Stock (the "Date of Initial Closing");
- 7.75% per annum of the Stated Value beginning on the first anniversary from the Date of Initial Closing; and
- 7.5% 7.50% per annum of the Stated Value beginning on the second anniversary from the Date of Initial Closing.

Dividends will be authorized and declared are payable on a monthly basis and payable in arrears on the 15th day of each month (or, if such payment date is not a business day, the next succeeding business day) to holders of record at the close of business on the last business day of each month immediately preceding the applicable thereafter dividend payment date. Dividends will be computed on the basis of twelve 30-day months and a 360-day year.

The Company has a DRIP that allows for participating holders to have their Series E Preferred Stock dividend distributions automatically reinvested in additional shares of the Series E Preferred Stock at a price of \$25.00 per share.

The issuance activity of the Series E Preferred Stock is summarized below (in thousands):

| Year Ended<br>December 31, |      |
|----------------------------|------|
| 2022                       | 2021 |
| Year Ended<br>December 31, |      |
| Year Ended<br>December 31, |      |

| Year Ended<br>December 31,                            |                                                       |          |       |
|-------------------------------------------------------|-------------------------------------------------------|----------|-------|
| 2023                                                  | 2023                                                  | 2022     | 2021  |
| Series E Preferred Stock shares issued <sup>(1)</sup> | Series E Preferred Stock shares issued <sup>(1)</sup> | 10,914   | 1,709 |
| Net proceeds                                          | \$245,575                                             | \$38,450 |       |
| Net proceeds <sup>(1)</sup>                           |                                                       |          |       |
| Net proceeds <sup>(1)</sup>                           |                                                       |          |       |
| Net proceeds <sup>(1)</sup>                           |                                                       |          |       |

<sup>(1)</sup> Exclusive of shares issued under the dividend reinvestment plan, DRIP.

The Series E Preferred Stock does not meet the requirements for permanent equity classification prescribed by the authoritative guidance because of certain cash redemption features that are outside of the Company's control. As such, the Series E Preferred Stock is classified outside of permanent equity.

**BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

At the date of issuance, the carrying amount of the Series E Preferred Stock was less than the redemption value. As a result of the Company's determination that redemption is probable, the carrying value will be adjusted to the redemption amount each reporting period.

The redemption value adjustment of Series E Preferred Stock is summarized below (in thousands):

| December 31, 2023                                                 | December 31, 2023 |                   | December 31, 2022 |  |
|-------------------------------------------------------------------|-------------------|-------------------|-------------------|--|
| Series E Preferred Stock                                          |                   |                   |                   |  |
| Cumulative adjustments to Series E Preferred Stock <sup>(1)</sup> |                   |                   |                   |  |
|                                                                   | December 31, 2022 | December 31, 2021 |                   |  |
| Series E Preferred Stock                                          | \$ 291,076        | \$ 39,339         |                   |  |
| Adjustments to Series E Preferred Stock <sup>(1)</sup>            | \$ 9,403          | \$ 3,128          |                   |  |

<sup>(1)</sup> Reflects the excess of the redemption value over the accumulated carrying value.

The following table summarizes dividends declared (in thousands):

|                          | Year Ended December 31, |        |      |
|--------------------------|-------------------------|--------|------|
|                          | 2023                    | 2022   | 2021 |
| Series E Preferred Stock | \$ 12,694               | \$ 683 |      |

  

|                          | Year Ended December 31, |           |        |
|--------------------------|-------------------------|-----------|--------|
|                          | 2023                    | 2022      | 2021   |
| Series E Preferred Stock | \$ 30,883               | \$ 12,694 | \$ 683 |

The redemption activities of Series E Preferred Stock is summarized below (in thousands):

|                                           | Year Ended December 31, |      |
|-------------------------------------------|-------------------------|------|
|                                           | 2022                    | 2021 |
| Series E Preferred Stock shares redeemed  | 14                      | —    |
| Redemption amount, net of redemption fees | \$ 365                  | \$ — |

**BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

|                                           | Year Ended December 31, |        |      |
|-------------------------------------------|-------------------------|--------|------|
|                                           | 2023                    | 2022   | 2021 |
| Series E Preferred Stock shares redeemed  | 272                     | 14     | \$ — |
| Redemption amount, net of redemption fees | \$ 6,423                | \$ 365 | \$ — |

**Series M Redeemable Preferred Stock**

On April 2, 2021, the Company entered into equity distribution agreements with certain sales agents to sell, from time to time, shares of the Series M Redeemable Preferred Stock (the “Series M Preferred Stock”). Pursuant to such equity distribution agreements, the Company **is offering offered** a maximum of 20,000,000 shares of the Series M Preferred Stock (par value \$0.01) in a primary offering **at a price of \$25.00 per share** (or “Stated Value”). **On February 21, 2023, the Company announced the closing of its Series M Preferred Stock offering.** The Company is also offering a maximum of 8,000,000 shares of Series M Preferred Stock pursuant to the DRIP at \$25.00 per share.

The Series M Preferred Stock ranks senior to all classes or series of the Company’s common stock and future junior securities, on a parity with each series of the Company’s outstanding preferred stock (the Series B Convertible Preferred Stock, the Series D Preferred Stock and the Series E Preferred Stock) and with any future parity securities and junior to future senior securities and to all of the Company’s existing and future indebtedness, with respect to the payment of dividends and the distribution of amounts upon liquidation, dissolution or winding up of the Company’s affairs.

Holders of the Series M Preferred Stock shall have the right to vote for the election of directors of the Company and on all other matters requiring stockholder action by the holders of the common stock, each share being entitled to vote to the same extent as one share of the Company’s common stock, and all such shares voting together as a single class. If and whenever dividends on any shares of Series E Preferred Stock shall be in arrears for 18 or more monthly periods, whether or not such quarterly periods are consecutive, the number of directors then constituting the board shall be increased by two and the holders of such shares of Series M Preferred Stock **(voting together as a single class with all other classes or series of capital stock ranking on a parity with the Series M Preferred Stock)** shall be entitled to vote for the election of the additional directors of the Company who shall each be elected for one-year terms.

Each share is redeemable at any time, at the option of the holder, at a redemption price of \$25.00 per share, plus any accumulated, accrued and unpaid dividends, less a redemption fee. Starting on the second anniversary, each share is redeemable at any time, at the option of the Company, at a redemption price of \$25.00 per share, plus any accumulated, accrued and unpaid dividends (with no redemption fee). The Series M Preferred Stock is also subject to conversion upon certain events constituting a change of control. Upon such change of control events, holders have the option to convert their shares of Series M Preferred Stock into a maximum of 5.69476 shares of our common stock.

**BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

The redemption fee shall be an amount equal to:

- 1.5% of the Stated Value of \$25.00 per share beginning on the Series M Original Issue Date (as defined **below**) **in the Articles Supplementary**) of the shares of Series M Preferred Stock to be redeemed; and
- 0% of the Stated Value beginning on the first anniversary from the Series M Original Issue Date of the shares of Series M Preferred Stock to be redeemed.

The Company has the right, in its sole discretion, to redeem the shares in cash, or in an equal number of shares of common stock or any combination thereof, calculated based on the closing price per share for the single trading day prior to the date of redemption.

Holders of Series M Preferred Stock are entitled to receive cumulative cash dividends at the initial rate of 8.2% per annum of the Stated Value of \$25.00 per share (equivalent to an annual dividend rate of \$2.05 per share). Beginning one year from the date of original issuance of each share of Series M Preferred Stock **(the “Series M Original Issue Date”)** and on each one-year anniversary thereafter for such share of Series M Preferred Stock, the dividend rate shall increase by 0.10% per annum; provided, however, that the dividend rate for any share of Series M Preferred Stock shall not exceed 8.7% per annum of the Stated Value.

Dividends **will be authorized and declared are payable** on a monthly basis and **payable** in arrears on the 15th day of each month **(or, if such payment date is not a business day, on the next succeeding business day)** to holders of record at the close of business on the last business day of each month immediately preceding the applicable dividend payment date. Dividends will be computed on the basis of twelve 30-day months and a 360-day year.

The Company has a DRIP that allows **for** participating holders to have their Series M Preferred Stock dividend distributions automatically reinvested in additional shares of the Series M Preferred Stock at a price of \$25.00 per share.

**BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES**

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

The issuance activity of Series M Preferred Stock is summarized below (in thousands):

|                                            |                                            | Year Ended<br>December 31, |        |      |  |
|--------------------------------------------|--------------------------------------------|----------------------------|--------|------|--|
|                                            |                                            | 2022                       | 2021   |      |  |
|                                            |                                            |                            |        |      |  |
| Year Ended<br>December 31,                 |                                            |                            |        |      |  |
| Year Ended<br>December 31,                 |                                            |                            |        |      |  |
| Year Ended<br>December 31,                 |                                            |                            |        |      |  |
| 2023                                       |                                            | 2023                       |        | 2022 |  |
| Series M Preferred Stock shares issued (1) | Series M Preferred Stock shares issued (1) | 1,402                      | 29     |      |  |
| Net proceeds                               |                                            | \$ 34,009                  | \$ 704 |      |  |
| Net proceeds (1)                           |                                            |                            |        |      |  |

(1) Exclusive of shares issued under the dividend reinvestment plan, DRIP.

The Series M Preferred Stock does not meet the requirements for permanent equity classification prescribed by the authoritative guidance because of certain cash redemption features that are outside the Company's control. As such, the Series M Preferred Stock is classified outside of permanent equity.

At the date of issuance, the carrying amount of the Series M Preferred Stock was less than the redemption value. As a result of the Company's determination that redemption is probable, the carrying value will be adjusted to the redemption amount each reporting period.

The redemption value adjustment of Series M Preferred stock is summarized below (in thousands):

|                                                                   | December 31, 2023 |                   | December 31, 2022 |  |
|-------------------------------------------------------------------|-------------------|-------------------|-------------------|--|
|                                                                   | December 31, 2023 |                   | December 31, 2022 |  |
| Series M Preferred Stock                                          |                   |                   |                   |  |
| Cumulative adjustments to Series M Preferred Stock <sup>(1)</sup> |                   |                   |                   |  |
|                                                                   | December 31, 2022 | December 31, 2021 |                   |  |
| Series M Preferred Stock                                          | \$ 35,182         | \$ 715            |                   |  |
| Adjustments to Series M Preferred Stock <sup>(1)</sup>            |                   |                   |                   |  |
| Stock <sup>(1)</sup>                                              | \$ 812            | \$ 133            |                   |  |

(1) Reflects the excess of the redemption value over the accumulated carrying value.

The following table summarizes dividends declared (in thousands):

|                          | Year Ended December 31, |       |
|--------------------------|-------------------------|-------|
|                          | 2022                    | 2021  |
| Series M Preferred Stock | \$ 1,276                | \$ 15 |

|                          | Year Ended December 31, |          |       |
|--------------------------|-------------------------|----------|-------|
|                          | 2023                    | 2022     | 2021  |
| Series M Preferred Stock | \$ 3,888                | \$ 1,276 | \$ 15 |

**BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

The redemption activities of Series M Preferred Stock is summarized below (in thousands):

|                                           |                                           | Year Ended<br>December<br>31,<br>2022                                                           | 2021 |      |      |
|-------------------------------------------|-------------------------------------------|-------------------------------------------------------------------------------------------------|------|------|------|
|                                           |                                           | Year Ended<br>December<br>31,<br>Year Ended<br>December<br>31,<br>Year Ended<br>December<br>31, |      |      |      |
|                                           |                                           | 2023                                                                                            | 2023 | 2022 | 2021 |
| Series M Preferred Stock shares redeemed  | Series M Preferred Stock shares redeemed  | 5                                                                                               | —    |      |      |
| Redemption amount, net of redemption fees | Redemption amount, net of redemption fees | \$ 134                                                                                          | \$ — |      |      |

**14. Stock-Based Compensation**

Under the 2013 Equity Incentive Plan, as amended, we are authorized to grant 7.0 million 8.2 million restricted stock or performance stock units of our common stock as incentive stock awards. At December 31, 2022 December 31, 2023, approximately 1.5 million 1.6 million shares were available for future issuance under the 2013 Equity Incentive Plan.

**Restricted Stock**—We incur stock-based compensation expense in connection with restricted stock awarded to certain employees of Ashford LLC and its affiliates. We also issue common stock to certain of our independent directors, which vests immediately upon issuance.

At December 31, 2022 December 31, 2023, the unamortized cost of unvested shares of restricted stock was \$1.5 million, \$236,000, which is expected to be recognized over a period of 1.2 0.2 years with a weighted average period of 1.0 0.2 years.

**BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

The following table summarizes the stock-based compensation expense for restricted stock (in thousands):

| Year Ended December<br>31, |  |  |  |
|----------------------------|--|--|--|
| Year Ended December<br>31, |  |  |  |
| Year Ended December<br>31, |  |  |  |



| Year Ended December 31,                                      |                                                              |                |                |                |           |      |      |      |  |
|--------------------------------------------------------------|--------------------------------------------------------------|----------------|----------------|----------------|-----------|------|------|------|--|
| Line Item                                                    | Line Item                                                    | 2022           | 2021           | 2020           | Line Item | 2023 | 2022 | 2021 |  |
| Advisory services fee                                        | Advisory services fee                                        | \$2,195        | \$3,028        | \$2,672        |           |      |      |      |  |
| Management fees                                              | Management fees                                              | 26             | 56             | 133            |           |      |      |      |  |
| Corporate general and administrative                         | Corporate general and administrative                         | 126            | 111            | 71             |           |      |      |      |  |
| Corporate general and administrative - independent directors | Corporate general and administrative - independent directors | 252            | 322            | 130            |           |      |      |      |  |
|                                                              |                                                              | <u>\$2,599</u> | <u>\$3,517</u> | <u>\$3,006</u> |           |      |      |      |  |
|                                                              | \$                                                           |                |                |                |           |      |      |      |  |

A summary of our restricted stock activity is as follows (shares in thousands):

|                                  |                                  | Year Ended December 31, |          |                  |          |                  |          |                  |  |                  |  |                  |  |
|----------------------------------|----------------------------------|-------------------------|----------|------------------|----------|------------------|----------|------------------|--|------------------|--|------------------|--|
|                                  |                                  | 2022                    |          | 2021             |          | 2020             |          |                  |  |                  |  |                  |  |
|                                  |                                  | Weighted Average        |          | Weighted Average |          | Weighted Average |          |                  |  |                  |  |                  |  |
|                                  |                                  | Number                  | Price at | Number           | Price at | Number           | Price at |                  |  |                  |  |                  |  |
|                                  |                                  | of Units                | Grant    | of Units         | Grant    | of Units         | Grant    |                  |  |                  |  |                  |  |
|                                  |                                  | Year Ended December 31, |          |                  |          |                  |          |                  |  |                  |  |                  |  |
|                                  |                                  | 2023                    |          |                  |          | 2023             |          | 2022             |  | 2021             |  |                  |  |
|                                  |                                  | Number of               |          |                  |          | Number of        |          | Weighted Average |  | Weighted Average |  | Weighted Average |  |
|                                  |                                  | Units                   |          |                  |          | Units            |          | Price at Grant   |  | Price at Grant   |  | Price at Grant   |  |
| Outstanding at beginning of year | Outstanding at beginning of year | 957                     | \$ 6.94  | 536              | \$ 7.98  | 497              | \$ 11.89 |                  |  |                  |  |                  |  |
| Restricted shares granted        | Restricted shares granted        | 45                      | 5.63     | 764              | 7.02     | 359              | 4.13     |                  |  |                  |  |                  |  |
| Restricted shares vested         | Restricted shares vested         | (543)                   | 5.86     | (317)            | 6.31     | (310)            | 9.81     |                  |  |                  |  |                  |  |
| Restricted shares vested         |                                  |                         |          |                  |          |                  |          |                  |  |                  |  |                  |  |
| Restricted shares vested         |                                  |                         |          |                  |          |                  |          |                  |  |                  |  |                  |  |
| Restricted shares forfeited      | Restricted shares forfeited      | (22)                    | 6.77     | (26)             | 6.94     | (10)             | 7.25     |                  |  |                  |  |                  |  |
| Outstanding at end of year       | Outstanding at end of year       | 437                     | \$ 6.46  | 957              | \$ 6.94  | 536              | \$ 7.98  |                  |  |                  |  |                  |  |

The fair value of restricted stock vested during the years ended December 31, 2022, December 31, 2023, 2021, 2022 and 2020, 2021 was approximately \$1.3 million, \$3.1 million, \$2.1 million and \$1.2, \$2.1 million, respectively.

**Performance Stock Units**—The compensation committee of the board of directors of the Company may authorize the issuance of grants of performance stock units (“PSUs”) to certain executive officers and directors from time to time. The award agreements provide for the grant of a target number of PSUs that will be settled in shares of common stock of the Company, if, when and to the extent the applicable vesting criteria have been achieved following the end of the performance and service period, which is generally three years from the grant date.

With respect to the 2020 award agreements, the number of PSUs to be earned ranged from 0% to 200% of target based on achievement of a specified relative total stockholder return based on the formula determined by the Company's compensation committee on the grant date. The performance criteria for the PSUs are based on market conditions under the relevant literature. The corresponding compensation cost is recognized ratably over the service period for the award as the service is rendered, based on the grant date fair value of the award, regardless of the actual outcome of the market condition.

With respect to the 2021, 2022 and 2022 2023 award agreements, the compensation committee shifted to utilizes a new performance metric, pursuant to which, the performance awards will be eligible to vest, from 0% to 200% of target, based on achievement of certain performance targets over the three-year performance period. The performance criteria for the 2021, 2022 and 2022 2023 performance grants are based on performance conditions under the relevant literature, and the 2021, 2022 and 2022 2023 performance grants were issued to non-employees. The corresponding compensation cost is recognized ratably over the service period for the award as

**BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

the service is rendered, based on the grant corresponding measurement date fair value of the award, which may vary from period to period, as the number of performance grants earned may vary since the estimated probable achievement of certain performance targets may vary from period to period.

During the years ended December 31, 2022, 2022 and 2021, and 2020, approximately 225,000 PSUs granted in 2020 and 223,000 PSUs granted in 2019, and 197,000 PSUs granted in 2018, were canceled due to the market condition criteria not being met. As a result there was a claw back of the previously declared dividends in the amount of \$7,000 \$143,000 and \$202,000, \$143,000, respectively.

**BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

The following table summarizes the compensation expense for PSUs (in thousands):

|                   |                   | Year Ended December 31, |         |       |           |      |      |  |      |
|-------------------|-------------------|-------------------------|---------|-------|-----------|------|------|--|------|
|                   |                   | Year Ended December 31, |         |       |           |      |      |  |      |
|                   |                   | Year Ended December 31, |         |       |           |      |      |  |      |
|                   |                   | Year Ended December 31, |         |       |           |      |      |  |      |
| Line Item         | Line Item         | 2022                    | 2021    | 2020  | Line Item | 2023 | 2022 |  | 2021 |
| Advisory services | Advisory services | \$2,876                 | \$3,374 |       |           |      |      |  |      |
| fee               | fee               |                         |         | 2,695 |           |      |      |  |      |

At December 31, 2022 December 31, 2023, the unamortized cost of unvested shares of PSUs was \$1.9 million \$1.1 million, which is expected to be recognized over a period of 2.0 years with a weighted average period of 1.1 1.9 years.

A summary of our PSU activity is as follows (shares in thousands):

|                                  |                                  | Year Ended December 31,        |                                |                                |                                |                                |                                |
|----------------------------------|----------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
|                                  |                                  | 2022                           |                                | 2021                           |                                | 2020                           |                                |
|                                  |                                  | Weighted Average               | Weighted Average               | Weighted Average               | Weighted Average               | Weighted Average               | Weighted Average               |
|                                  |                                  | Number Price at of Units Grant | Number Price at of Units Grant | Number Price at of Units Grant | Number Price at of Units Grant | Number Price at of Units Grant | Number Price at of Units Grant |
|                                  |                                  | Year Ended December 31,        |                                |                                |                                |                                |                                |
|                                  |                                  | 2023                           |                                | 2022                           |                                | 2021                           |                                |
|                                  |                                  | Number of Units                | Average Price at Grant         | Number of Units                | Average Price at Grant         | Number of Units                | Average Price at Grant         |
| Outstanding at beginning of year | Outstanding at beginning of year | 671                            | \$ 5.84                        | 448                            | \$ 11.71                       | 420                            | \$ 16.91                       |

|                            |                            |       |         |       |         |       |          |
|----------------------------|----------------------------|-------|---------|-------|---------|-------|----------|
| PSUs granted               | PSUs granted               | 41    | 5.63    | 446   | 7.01    | 225   | 3.51     |
| PSUs vested                | PSUs vested                | (152) | 4.69    | —     | —       | —     | —        |
| PSUs canceled              | PSUs canceled              | (225) | 3.51    | (223) | 19.96   | (197) | 13.43    |
| Outstanding at end of year | Outstanding at end of year | 335   | \$ 5.84 | 671   | \$ 5.84 | 448   | \$ 11.71 |

## 15. Related Party Transactions

### Ashford Inc.

#### Advisory Agreement

Ashford LLC, a subsidiary of Ashford Inc., acts as our advisor. Our chairman, Mr. Monty Bennett, also serves as chairman of the board of directors and chief executive officer of Ashford Inc. Under our advisory agreement, we pay advisory fees to Ashford LLC. We pay a monthly base fee equal to 1/12<sup>th</sup> of the sum of (i) 0.70% of the total market capitalization of our company for the prior month, plus (ii) the Net Asset Fee Adjustment (as defined in our advisory agreement), if any, on the last day of the prior month during which our advisory agreement was in effect; provided, however, in no event shall the base fee for any month be less than the minimum base fee as provided by our advisory agreement. The base fee is payable on the fifth business day of each month.

The minimum base fee for Braemar for each month will be equal to the greater of:

- 90% of the base fee paid for the same month in the prior year; and
- 1/12<sup>th</sup> of the G&A Ratio (as defined) multiplied by the total market capitalization of Braemar.

We are also required to pay Ashford LLC an incentive fee that is measured annually (or for a stub period if the advisory agreement is terminated at other than year-end). Each year that our annual total stockholder return exceeds the average annual total stockholder return for our peer group we pay Ashford LLC an incentive fee over the following three years, subject to the Fixed Charge Coverage Ratio ("FCCR") Condition, as defined in the advisory agreement, which relates to the ratio of adjusted EBITDA to fixed charges. We also reimburse Ashford LLC for certain reimbursable overhead and internal audit, risk management advisory and asset management services, as specified in the advisory agreement. We also recorded equity-based compensation expense for equity grants of common stock, PSUs and LTIP units awarded to officers and employees of Ashford LLC in connection with providing advisory services.

## BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

The following table summarizes the advisory services fees incurred (in thousands):

|                                          |                                          | Year Ended December 31, |           |          |
|------------------------------------------|------------------------------------------|-------------------------|-----------|----------|
|                                          |                                          | 2022                    | 2021      | 2020     |
|                                          |                                          | Year Ended December 31, |           |          |
|                                          |                                          | Year Ended December 31, |           |          |
|                                          |                                          | Year Ended December 31, |           |          |
|                                          |                                          | 2023                    |           |          |
|                                          |                                          | 2023                    |           |          |
|                                          |                                          | 2023                    |           |          |
| Advisory services fee                    |                                          |                         |           |          |
| Advisory services fee                    |                                          |                         |           |          |
| Advisory services fee                    | Advisory services fee                    |                         |           |          |
| Base advisory fee                        | Base advisory fee                        | \$ 12,790               | \$ 10,806 | \$ 9,981 |
| Base advisory fee                        |                                          |                         |           |          |
| Base advisory fee                        |                                          |                         |           |          |
| Reimbursable expenses <sup>(1)</sup>     |                                          |                         |           |          |
| Reimbursable expenses <sup>(1)</sup>     |                                          |                         |           |          |
| Reimbursable expenses <sup>(1)</sup>     | Reimbursable expenses <sup>(1)</sup>     | 4,653                   | 2,297     | 1,790    |
| Equity-based compensation <sup>(2)</sup> | Equity-based compensation <sup>(2)</sup> | 10,601                  | 9,538     | 7,393    |
| Equity-based compensation <sup>(2)</sup> |                                          |                         |           |          |

|                                          |               |           |           |                      |
|------------------------------------------|---------------|-----------|-----------|----------------------|
| Equity-based compensation <sup>(2)</sup> |               |           |           |                      |
| Incentive fee                            | Incentive fee | 803       | —         | (678) <sup>(3)</sup> |
| Incentive fee                            |               |           |           |                      |
| Incentive fee                            |               |           |           |                      |
| Total                                    |               |           |           |                      |
| Total                                    |               |           |           |                      |
| Total                                    | Total         | \$ 28,847 | \$ 22,641 | \$ 18,486            |

<sup>(1)</sup> Reimbursable expenses include overhead, internal audit, risk management advisory, asset management services and deferred cash awards.

<sup>(2)</sup> Equity-based compensation is associated with equity grants of Braemar's common stock, PSUs, LTIP units and Performance LTIP units awarded to officers and employees of Ashford LLC.

<sup>(3)</sup> The \$(678,000) incentive fee in 2020 is a result of not meeting the FCCR threshold required for paying the final installment of the incentive fee incurred in 2018.

Pursuant to the Company's hotel management agreements with each hotel management company, the Company bears the economic burden for casualty insurance coverage. Under the advisory On September 27, 2022, an agreement was entered into by Ashford Inc. secures casualty insurance policies to cover Braemar, Ashford Hospitality Trust, Inc. ("Ashford Trust"), their hotel managers, as needed, and Ashford Inc. The total loss estimates included in such policies are based on the collective pool of risk exposures from each party. Ashford Inc.'s risk management department manages the casualty insurance program. Each year Ashford Inc.'s risk management department collects funds from Braemar, Ashford Trust and their respective hotel Braemar pursuant to which the Advisor is to implement the REITs' cash management companies, strategies. This will include actively managing the REITs excess cash by primarily investing in short-term U.S. Treasury securities. The annual fee is equal to fund the casualty insurance program as needed, on an allocated basis, lesser of (i) 20 bps of the average daily balance of the funds managed by the Advisor and (ii) the actual rate of return realized by the cash management strategies; provided that in no event will the cash management fee be less than zero. The fee is payable monthly in arrears.

On March 10, 2022, the Company entered into a Limited Waiver Under Advisory Agreement (the "Limited 2022 Limited Waiver") with Braemar OP, Braemar TRS and its advisor. The advisory agreement agreement: (i) allocates responsibility for certain employee costs between the Company and its advisor advisor; and (ii) permits the Company's board of directors to issue annual equity awards in the Company or Braemar OP to employees and other representatives of its advisor based on achievement by the Company of certain financial or other objectives or otherwise as the Company's board of directors sees fit. Pursuant to the 2022 Limited Waiver, the Company, Braemar OP, Braemar TRS and the Company's advisor waived the operation of any provision in the advisory agreement that would otherwise have limited our ability, in our discretion and at our cost and expense, to award during the first and second fiscal quarters of calendar year 2022 cash incentive compensation to employees and other representatives of our advisor.

On March 2, 2023, the Company entered into a second Limited Waiver Under Advisory Agreement (the "2023 Limited Waiver") with Braemar OP, Braemar TRS and its advisor. Pursuant to the 2023 Limited Waiver, the Company, Braemar OP, Braemar TRS and the Company's advisor waived the operation of any provision in the advisory agreement that would otherwise limit its our ability, in its our discretion and at the Company's our cost and expense, to award during the first and second fiscal quarters of calendar year 2022 2023 cash incentive compensation to employees and other representatives of its our advisor.

#### Lismore

On March 20, 2020 March 11, 2024, we entered into a Limited Waiver Under Advisory Agreement with Ashford Inc. and Ashford LLC (the "Advisory Agreement Limited Waiver"). Pursuant to the Advisory Agreement Limited Waiver, the Company, entered into an the Operating Partnership, TRS and the Advisor waive the operation of any provision in our advisory agreement that would otherwise limit the ability of the Company in its discretion, at the Company's cost and expense, to award during calendar year 2024, cash incentive compensation to employees and other representatives of the Advisor.

Pursuant to the Company's hotel management agreements with Lismore, each hotel management company, the Company bears the economic burden for casualty insurance coverage. Under the advisory agreement, Ashford Inc. secures casualty insurance policies to cover Ashford Trust, Braemar, Stirling OP, their hotel managers, as needed, and Ashford Inc. The total loss estimates included in such policies are based on the collective pool of risk exposures from each party. Ashford Inc. has managed the casualty insurance program and beginning in December 2023, Warwick Insurance Company ("Warwick"), a subsidiary of Ashford Inc., provides and manages the general liability, workers' compensation and business automobile insurance policies within the casualty insurance program. Each year Ashford Inc. collects funds from Ashford Trust, Braemar, Stirling OP and their respective hotel management companies, to fund the casualty insurance program as needed, on an allocated basis.

#### Lismore

We engage Lismore or its subsidiaries to seek provide debt placement services and assist with loan modifications forbearances or refinancings of the Company's loans (the "Lismore Agreement"). The Lismore Agreement was terminated effective March 20, 2021. For the years ended December 31, 2021 and 2020, the Company recognized expense of \$341,000 and \$3.1 million. These expenses are included in "write-off of loan costs and exit fees" in the consolidated statement of operations.

On August 25, 2020, in light of the fact that Lismore negotiated access to the FF&E reserves but no forbearance on debt service for the \$435 million mortgage loan secured by the Marriott Seattle Waterfront, Sofitel Chicago Magnificent Mile, The Notary Hotel and The Clancy, the independent members of the board of directors of Ashford Inc. waived \$1.6 million of Lismore success fees.

The Company engaged Lismore to negotiate, on the Company's behalf, one or more modifications to the terms of the mortgage loan assumed in connection with the acquisition of the Mr. C Beverly Hills Hotel. Upon closing of the hotel on August 5, 2021, the Company paid Lismore a fee of \$150,000.

In connection with the refinancing of the Park Hyatt Beaver Creek mortgage loan in February 2022, the Company paid an affiliate of Lismore a fee of approximately \$637,000. Additionally, in connection with the closing of the Four Seasons Resort Scottsdale mortgage loan in December 2022, the Company paid Lismore a fee of approximately \$750,000. our behalf.

## BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

During June 2023, we entered into various 12-month agreements with Lismore to seek modifications or refinancings of certain mortgage debt of the Company. For the year ended December 31, 2023, we incurred fees of approximately \$150,000 to Lismore in nonrefundable work fees and \$214,000 of success fees. The unamortized non-refundable work fees are included in "other assets" on the consolidated balance sheet, and are amortized on a straight line basis over the term of the agreements.

In addition to the fees described above, we incurred fees from Lismore or its subsidiaries of \$2.1 million, \$1.4 million and \$491,000 for the years ended December 31, 2023, 2022 and 2021, respectively.

#### Ashford Securities

On December 31, 2020, an Amended and Restated Contribution Agreement (the "Amended and Restated Contribution Agreement") was entered into by Ashford Inc., Ashford Trust and Braemar (collectively, the "Parties" and each individually a "Party") with respect to funding certain expenses of Ashford Securities LLC, a subsidiary of Ashford Inc. ("Ashford Securities"). Beginning on the effective date of the Amended and Restated Contribution Agreement, costs ~~will be~~ were allocated based upon an allocation percentage of 50% to Ashford Inc., 50% to Braemar and 0% to Ashford Trust. Upon reaching the earlier of \$400 million in aggregate capital raised, or June 10, 2023, there ~~will~~ was to be a true up (the "Amended and Restated True-Up Date") among Ashford Inc., Ashford Trust and Braemar whereby the actual amount contributed by each company will be based on the actual amount of capital raised by Ashford Inc., Ashford Trust and Braemar, respectively, through Ashford Securities (the resulting ratio of contributions among the Parties, the "Initial True-up Ratio"). On January 27, 2022, Ashford Trust, Braemar and Ashford Inc. entered into a Second Amended and Restated Contribution Agreement which provided for an additional \$18 million in expenses to be reimbursed with all expenses allocated 45% to Ashford Trust, 45% to Braemar and 10% to Ashford Inc.

On February 1, 2023, Braemar entered into a Third Amended and Restated Contribution Agreement, with Ashford Inc. and Ashford Trust. The Third Amended and Restated Contribution Agreement states which provided that after the Amended and Restated True-Up Date, ~~occurs~~, capital contributions for the remainder of fiscal year 2023 ~~will~~ would be divided between each Party based on the Initial True-Up Ratio. Thereafter on a yearly basis at year-end, starting with the year-end of 2023, Ratio, there ~~will~~ would be a true up between the Parties whereby there will be adjustments so that true up reflecting amounts raised by Ashford Securities since June 10, 2019, and thereafter, the capital contributions would be divided among each Party in accordance the cumulative ratio of capital raised by the Parties. However, effective January 1, 2024, Braemar entered into a Fourth Amended and Restated Contribution Agreement with Ashford Inc. and Ashford Trust which states that, notwithstanding anything in the prior contribution agreements: (1) the Parties equally split responsibility for all aggregate contributions made by them to Ashford Securities through September 30, 2021 and (2) thereafter, their contributions for each Party quarter will be based on the cumulative amount ratio of capital the amounts raised by each Party through Ashford Securities as a percentage of the prior quarter compared to the total aggregate amount raised by the Parties collectively through Ashford Securities since June 10, 2019 (the resulting ratio the prior quarter. To the extent contributions made by any of capital contributions among Braemar, Ashford Inc. and Ashford Trust following this true-up, the "Cumulative Ratio"). Thereafter, Parties through December 31, 2023 differed from the capital contributions will be divided among amounts owed pursuant to the foregoing, the Parties shall make true up payments to each Party in accordance with other to settle the Cumulative Ratio, as recalculated at the end of each year. difference.

As of December 31, 2022, Braemar has funded approximately \$5.6 million. During the year ended December 31, 2022, the funding estimate was revised based on the latest capital raise estimates of the aggregate capital raised through Ashford Securities. This resulted in additional expense of approximately \$7.2 million for the year ended December 31, 2022. As of December 31, 2022, Braemar had funded approximately \$5.8 million and had a payable, included in "due to Ashford Inc., net" on the payable amount consolidated balance sheet, of approximately \$6.6 million. In March 2023, Braemar paid Ashford Inc. \$8.7 million as a result of the contribution true-up between entities described above. As of December 31, 2023, Braemar has funded approximately \$20.9 million. As of December 31, 2023, Braemar has a pre-funded balance of approximately \$693,000 that is included in "other assets" and a receivable of approximately \$3.5 million that is included in "due to Ashford Inc., net" on the consolidated balance sheet is \$6.6 million. As of December 31, 2021, \$338,000 of the pre-funded amount was included in "other assets" on the consolidated balance sheet.

The table below summarizes the amount Braemar has expensed related to reimbursed operating expenses of Ashford Securities (in thousands):

| Line Item                             | Year Ended December 31, |          |        |
|---------------------------------------|-------------------------|----------|--------|
|                                       | 2022                    | 2021     | 2020   |
| Corporate, general and administrative | \$ 9,461                | \$ 1,983 | \$ 658 |

#### Enhanced Return Funding Program

Concurrent with Amendment No. 1 to the Fifth Amended and Restated Advisory Agreement with Ashford Inc. ("Amendment No. 1"), on January 15, 2019, the Company also entered into the Enhanced Return Funding Program Agreement (the "ERFP Agreement") with Ashford Inc. The "key money investments" concept previously contemplated by our advisory agreement was replaced with the ERFP Agreement. The Fifth Amended and Restated Advisory Agreement was also amended to name Ashford Inc. and its subsidiaries as the Company's sole and exclusive provider of asset management, design and construction and other services offered by Ashford Inc. or any of its subsidiaries. The independent members of our board of directors and the independent members of the board of directors of Ashford Inc., with the assistance of separate and independent legal counsel, engaged to negotiate the ERFP Agreement on behalf of Braemar and Ashford Inc., respectively.

The ERFP Agreement generally provides that Ashford LLC will provide funding to facilitate the acquisition of properties by Braemar OP that are recommended by Ashford LLC, in an aggregate amount of up to \$50 million (subject to increase to up to \$100 million by mutual agreement). Each funding will equal 10% of the property acquisition price and will be made either at the time of the property acquisition or at any time generally within the two-year period following the date of such acquisition, in exchange for FF&E for use at the acquired property or any other property owned by Braemar OP.

The initial term of the ERFP Agreement was two years (the "Initial Term"). At the end of the Initial Term, the ERFP Agreement automatically renewed for one year and shall automatically renew for successive one-year periods (each such period a "Renewal Term") unless either Ashford Inc. or Braemar provides written notice to the other at least 60 days in advance of the

### BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

expiration of the Initial Term or Renewal Term, as applicable, that such notifying party intends not to renew the ERFP Agreement. On November 8, 2021, the Company received written notice from the Advisor of its intention not to renew the ERFP program. As a result, the ERFP Agreement terminated in accordance with its terms on January 15, 2022.

| Line Item                             | Year Ended December 31, |          |          |
|---------------------------------------|-------------------------|----------|----------|
|                                       | 2023                    | 2022     | 2021     |
| Corporate, general and administrative | \$ 4,330                | \$ 9,461 | \$ 1,983 |

### Design and Construction Services

In connection with Ashford Inc.'s August 8, 2018 acquisition of Remington Lodging's design and construction business, we entered into a design and construction services agreement with Ashford Inc.'s subsidiary, Premier Project Management LLC ("Premier"), pursuant to which Premier a subsidiary of Ashford Inc., provides design and construction services to our hotels, including construction management, interior design, architectural services, and the purchasing, freight management and supervision of installation of FF&E and related services. Pursuant to the design and construction services agreement, we pay Premier: (a) design and construction fees of up to 4% of project costs; and (b) for the following services: (i) architectural (6.5% of total construction costs); (ii) construction management for projects without a general contractor (10% of total construction costs); (iii) interior design (6% of the purchase price of the FF&E designed or selected by Premier); and (iv) FF&E

### BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

purchasing (8% of the purchase price of FF&E purchased by Premier; provided that if the purchase price exceeds \$2.0 million for a single hotel in a calendar year, then the purchasing fee is reduced to 6% of the FF&E purchase price in excess of \$2.0 million for such hotel in such calendar year). On March 20, 2020

Subsequent to December 31, 2023, we the agreement was amended resulting in such fees being payable monthly as the design and construction services agreement to provide that Premier's fees shall be paid service is delivered based on percentage complete, as reasonably determined by the Company to Premier upon the completion of any work provided by third-party vendors to the Company, for each service, or payable as set forth in other agreements.

### Hotel Management Services

At December 31, 2022 December 31, 2023, Remington Hotels Hospitality managed four of our 16 hotel properties.

We pay monthly hotel management fees equal to the greater of approximately \$16,000 \$17,000 per hotel (increased annually based on consumer price index adjustments) or 3% of gross revenues as well as annual incentive management fees, if certain operational criteria were met and other general and administrative expense reimbursements primarily related to accounting services.

Pursuant to the terms of the Letter Agreement dated March 13, 2020 (the "Hotel Management Letter Agreement"), in order to allow Remington Hotels to better manage its corporate working capital and to ensure the continued efficient operation of our hotels, we agreed to pay the base fee and to reimburse all expenses on a weekly basis for the preceding week, rather than on a monthly basis. The Hotel Management Letter Agreement went into effect on March 13, 2020 and will continue until terminated by us.

We also have a mutual exclusivity agreement with Remington Hotels, pursuant to which: (i) we have agreed to engage Remington Hotels to provide management services with respect to any hotel we acquire or invest in, to the extent we have the right and/or control the right to direct the management of such hotel; and (ii) Remington Hotels has agreed to grant us a right of first refusal to purchase any opportunity to develop or construct a hotel that it identifies that meets our initial investment guidelines. We are not, however, obligated to engage Remington Hotels if our independent directors either: (i) unanimously vote to hire a different manager or developer; or (ii) by a majority vote elect not to engage such related party because either special circumstances exist such that it would be in the best interest of our Company not to engage such related party, or, based on related party's prior performance, it is believed that another manager could perform the management or other duties materially better.

### Ashford Trust

As of December 31, 2021, the Company had a \$728,000 receivable from Ashford Trust, included in "due from related parties, net." The receivable relates to a legal settlement between Ashford Trust and the City of San Francisco regarding a transfer tax matter associated with the transfer of The Clancy from Ashford Trust to Braemar upon Braemar's 2013 spin-off from Ashford Trust. The transfer taxes were initially paid by Braemar at the time of the spin-off. In January 2022, the City of San Francisco remitted payment to Ashford Trust, which subsequently remitted payment to Braemar. During the second quarter of 2022 the Company received an additional payment of approximately \$114,000 related to accrued interest on the initial settlement amount, which is included in "(gain) loss on legal settlements" on the consolidated statements of operations for the year ended December 31, 2022.

### BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

### Summary of Transactions

In accordance with our advisory agreement, our advisor, or entities in which our advisor has an interest, has a right to provide products or services to our hotel properties, provided such transactions are evaluated and approved by our independent directors. The following tables summarize the entities in which our advisor has an interest with which we or our hotel properties contracted for products and services, the amounts recorded by us for those services and the applicable classification on our consolidated financial statements (in thousands):

|  | Year Ended December 31, 2023 | Year Ended December 31, 2022 |
|--|------------------------------|------------------------------|
|--|------------------------------|------------------------------|

|             |  |  |  |  |  |  |  |  |  |  |  | Investments                  |  |  |  |                       |  |  |  |                            |  |  |  | Property |  |  |  |                      |  |  |  |                   |  |  |  | Write-off of Premiums, Loans and Costs |  |  |  |                 |  |  |  |                |  |  |  |         |  |  |  |                |  |  |  |      |  |  |  |         |  |  |  |  |  |  |  |  |  |  |  |          |  |  |  |  |  |  |  |  |  |  |  |      |  |  |  |  |  |  |  |  |  |  |  |           |  |  |  |  |  |  |  |  |  |  |  |           |  |  |  |  |  |  |  |  |  |  |  |     |  |  |  |  |  |  |  |  |  |  |  |                |  |  |  |  |  |  |  |  |  |  |  |      |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  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|             |  |  |  |  |  |  |  |  |  |  |  | Properties, net (1)          |  |  |  | Indebtedness, net (2) |  |  |  | Assets Preferred Stock (4) |  |  |  | Revenue  |  |  |  | Expenses             |  |  |  | fees              |  |  |  | and Other                              |  |  |  | Fee             |  |  |  | Administrative |  |  |  | Exit    |  |  |  |                |  |  |  |      |  |  |  |         |  |  |  |  |  |  |  |  |  |  |  |          |  |  |  |  |  |  |  |  |  |  |  |      |  |  |  |  |  |  |  |  |  |  |  |           |  |  |  |  |  |  |  |  |  |  |  |           |  |  |  |  |  |  |  |  |  |  |  |     |  |  |  |  |  |  |  |  |  |  |  |                |  |  |  |  |  |  |  |  |  |  |  |      |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  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|                       |                    |                                                           |       |       |     |   |       |     |     |       |   |     |   |     |
|-----------------------|--------------------|-----------------------------------------------------------|-------|-------|-----|---|-------|-----|-----|-------|---|-----|---|-----|
| Ashford Securities    | Ashford Securities | Dealer Manager Fees                                       | 410   | —     | —   | — | —     | —   | 410 | —     | — | —   | — | —   |
| Ashford Securities    |                    |                                                           |       |       |     |   |       |     |     |       |   |     |   |     |
| Ashford Securities    |                    |                                                           |       |       |     |   |       |     |     |       |   |     |   |     |
| Ashford Securities    |                    |                                                           |       |       |     |   |       |     |     |       |   |     |   |     |
| Ashford Securities    |                    |                                                           |       |       |     |   |       |     |     |       |   |     |   |     |
| INSPIRE               |                    |                                                           |       |       |     |   |       |     |     |       |   |     |   |     |
| INSPIRE               |                    |                                                           |       |       |     |   |       |     |     |       |   |     |   |     |
| INSPIRE               | INSPIRE            | Audio visual services                                     | 1,001 | —     | —   | — | 1,001 | —   | —   | —     | — | —   | — | —   |
| Lismore Capital       | Lismore Capital    | Debt placement and related services                       | 491   | —     | 150 | — | —     | —   | —   | —     | — | —   | — | 341 |
| Lismore Capital       | Lismore Capital    | Broker services                                           | 3     | —     | —   | — | —     | —   | —   | —     | — | —   | — | 3   |
| Lismore Capital       |                    |                                                           |       |       |     |   |       |     |     |       |   |     |   |     |
| Lismore Capital       |                    |                                                           |       |       |     |   |       |     |     |       |   |     |   |     |
| Lismore Capital       |                    |                                                           |       |       |     |   |       |     |     |       |   |     |   |     |
| Lismore Capital       |                    |                                                           |       |       |     |   |       |     |     |       |   |     |   |     |
| OpenKey               |                    |                                                           |       |       |     |   |       |     |     |       |   |     |   |     |
| OpenKey               |                    |                                                           |       |       |     |   |       |     |     |       |   |     |   |     |
| OpenKey               | OpenKey            | Mobile key app                                            | 38    | —     | —   | — | —     | 38  | —   | —     | — | —   | — | —   |
| Premier               | Premier            | Design and construction services                          | 3,009 | 2,653 | —   | — | —     | —   | —   | —     | — | 356 | — | —   |
| Premier               |                    |                                                           |       |       |     |   |       |     |     |       |   |     |   |     |
| Premier               |                    |                                                           |       |       |     |   |       |     |     |       |   |     |   |     |
| Pure Wellness         |                    |                                                           |       |       |     |   |       |     |     |       |   |     |   |     |
| Pure Wellness         |                    |                                                           |       |       |     |   |       |     |     |       |   |     |   |     |
| Pure Wellness         | Pure Wellness      | Hypoallergenic premium rooms                              | 141   | —     | —   | — | —     | 141 | —   | —     | — | —   | — | —   |
| RED Leisure           | RED Leisure        | Watersports activities and travel/transportation services | 321   | —     | —   | — | 321   | —   | —   | —     | — | —   | — | —   |
| Remington Hotels      |                    | Hotel management services (4)                             | 3,243 | —     | —   | — | —     | 934 | —   | 2,309 | — | —   | — | —   |
| RED Leisure           |                    |                                                           |       |       |     |   |       |     |     |       |   |     |   |     |
| RED Leisure           |                    |                                                           |       |       |     |   |       |     |     |       |   |     |   |     |
| Remington Hospitality |                    |                                                           |       |       |     |   |       |     |     |       |   |     |   |     |
| Remington Hospitality |                    |                                                           |       |       |     |   |       |     |     |       |   |     |   |     |
| Remington Hospitality |                    |                                                           |       |       |     |   |       |     |     |       |   |     |   |     |

| Company          |                                                           | Product or Service |          | Year Ended December 31, 2020 |         |             |                 |               |              |                     |  |
|------------------|-----------------------------------------------------------|--------------------|----------|------------------------------|---------|-------------|-----------------|---------------|--------------|---------------------|--|
|                  |                                                           |                    |          | Investments in               |         |             | Property Taxes, |               |              | Write-off of        |  |
|                  |                                                           |                    |          | Hotel Properties,            | Other   | Other Hotel | Other Hotel     | Insurance and | Advisory     | Premiums, Loan      |  |
|                  |                                                           | Total              | net (1)  | Assets                       | Revenue | Expenses    | Management fees | Other         | Services Fee | Costs and Exit Fees |  |
| Ashford LLC      | FF&E purchases                                            | \$ 1,816           | \$ 1,816 | \$ —                         | \$ —    | \$ —        | \$ —            | \$ —          | \$ —         | \$ —                |  |
| Ashford LLC      | Insurance claims services                                 | 108                | —        | —                            | —       | —           | —               | 108           | —            | —                   |  |
| INSPIRE          | Audio visual services                                     | 592                | —        | —                            | 592     | —           | —               | —             | —            | —                   |  |
| Lismore Capital  | Debt placement and related services                       | 4,093              | —        | 1,022                        | —       | —           | —               | —             | —            | 3,071               |  |
| OpenKey          | Mobile key app                                            | 38                 | —        | —                            | —       | 38          | —               | —             | —            | —                   |  |
| Premier          | Design and construction services                          | 2,849              | 2,505    | —                            | —       | —           | —               | —             | 344          | —                   |  |
| Pure Wellness    | Hypoallergenic premium rooms                              | 52                 | —        | —                            | —       | 52          | —               | —             | —            | —                   |  |
| RED Leisure      | Watersports activities and travel/transportation services | 139                | —        | —                            | 139     | —           | —               | —             | —            | —                   |  |
| Remington Hotels | Hotel management services (4)                             | 1,446              | —        | —                            | —       | 410         | 1,036           | —             | —            | —                   |  |



**BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

| Company               |                                                           | Year Ended December 31, 2021 |                    |                                  |             |                 |               |                |                       |                        |              |                |      |
|-----------------------|-----------------------------------------------------------|------------------------------|--------------------|----------------------------------|-------------|-----------------|---------------|----------------|-----------------------|------------------------|--------------|----------------|------|
|                       |                                                           | Investments in               |                    |                                  |             | Property Taxes, |               |                |                       | Write-off of Premiums, |              |                |      |
|                       |                                                           | Hotel Properties,            | Other              | Other Hotel                      | Other Hotel | Preferred Stock | Insurance and | Advisory       | Corporate General and | Loan Costs and Exit    |              |                |      |
| Product or Service    |                                                           | Total                        | net <sup>(1)</sup> | Indebtedness, net <sup>(2)</sup> | Assets      | Revenue         | Expenses      | <sup>(4)</sup> | Management fees       | Other                  | Services Fee | Administrative | Fees |
| Ashford LLC           | Insurance claims services                                 | \$ 7                         | \$ —               | \$ —                             | \$ —        | \$ —            | \$ —          | \$ —           | \$ —                  | \$ 7                   | \$ —         | \$ —           | \$ — |
| Ashford Securities    | Broker/Dealer                                             | 1,983                        | —                  | —                                | —           | —               | —             | —              | —                     | —                      | —            | 1,983          | —    |
| Ashford Securities    | Dealer Manager Fees                                       | 410                          | —                  | —                                | —           | —               | —             | 410            | —                     | —                      | —            | —              | —    |
| INSPIRE               | Audio visual services                                     | 1,001                        | —                  | —                                | —           | 1,001           | —             | —              | —                     | —                      | —            | —              | —    |
| Lismore Capital       | Debt placement and related services                       | 491                          | —                  | 150                              | —           | —               | —             | —              | —                     | —                      | —            | —              | 341  |
| Lismore Capital       | Broker services                                           | 3                            | —                  | —                                | —           | —               | —             | —              | —                     | —                      | —            | —              | 3    |
| OpenKey               | Mobile key app                                            | 38                           | —                  | —                                | —           | —               | 38            | —              | —                     | —                      | —            | —              | —    |
| Premier               | Design and construction services                          | 3,009                        | 2,653              | —                                | —           | —               | —             | —              | —                     | —                      | 356          | —              | —    |
| Pure Wellness         | Hypoallergenic premium rooms                              | 141                          | —                  | —                                | —           | —               | 141           | —              | —                     | —                      | —            | —              | —    |
| RED Leisure           | Watersports activities and travel/transportation services | 321                          | —                  | —                                | —           | 321             | —             | —              | —                     | —                      | —            | —              | —    |
| Remington Hospitality | Hotel management services <sup>(5)</sup>                  | 3,243                        | —                  | —                                | —           | —               | 934           | —              | 2,309                 | —                      | —            | —              | —    |

- (1) Recorded in FF&E and depreciated over the estimated useful life.
- (2) Recorded as deferred loan costs, which are included in "indebtedness, net" on our consolidated balance sheets and amortized over the initial term of the applicable loan agreement.
- (3) Represents the amortization of the Lismore work fees and success fees.
- (4) Recorded as a reduction of Series E and Series M Redeemable Preferred Stock proceeds.
- (5) Other hotel expenses include incentive hotel management fees and other hotel management costs.

**BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

The following table summarizes the components of due to Ashford Inc. (in thousands):

| Due to Ashford Inc. |             |                                  |                   |                   | Due to (from) Ashford Inc. |                    |                   |                   |
|---------------------|-------------|----------------------------------|-------------------|-------------------|----------------------------|--------------------|-------------------|-------------------|
|                     |             | December 31, 2022                |                   | December 31, 2021 |                            |                    |                   |                   |
| Company             | Company     | Product or Service               | December 31, 2022 | December 31, 2021 | Company                    | Product or Service | December 31, 2023 | December 31, 2022 |
| Ashford LLC         | Ashford LLC | Advisory services                | \$ 1,576          | \$ 394            |                            |                    |                   |                   |
| Ashford LLC         | Ashford LLC | FF&E purchases                   | —                 | —                 |                            |                    |                   |                   |
| Ashford LLC         | Ashford LLC | Insurance claims services        | 2                 | 1                 |                            |                    |                   |                   |
| INSPIRE             | INSPIRE     | Audio visual services            | 952               | 418               |                            |                    |                   |                   |
| OpenKey             | OpenKey     | Mobile key app                   | —                 | —                 |                            |                    |                   |                   |
| Ashford Securities  |             |                                  |                   |                   |                            |                    |                   |                   |
| Ashford securities  |             | Capital raise services           | 6,514             | —                 |                            |                    |                   |                   |
| Ashford Securities  |             |                                  |                   |                   |                            |                    |                   |                   |
| Ashford Securities  |             |                                  |                   |                   |                            |                    |                   |                   |
| Premier             | Premier     | Design and construction services | 829               | 470               |                            |                    |                   |                   |

|         |         |                       |           |          |
|---------|---------|-----------------------|-----------|----------|
| RED     | RED     | Watersports           |           |          |
| Leisure | Leisure | activities and        |           |          |
|         |         | travel/transportation |           |          |
|         |         | services              | 132       | 191      |
|         |         |                       | \$ 10,005 | \$ 1,474 |
|         |         |                       |           |          |
|         |         |                       | \$        |          |

As of December 31, 2023, due to related parties, net included a net payable to Remington Hospitality of \$603,000. As of December 31, 2022 and 2021, due from related parties, net included a net receivable from Remington Hotels of \$573,000 and \$677,000, respectively, \$573,000. These amounts are primarily related to advances made by Braemar, and accrued base and incentive management fees.

As of December 31, 2022 fees and December 31, 2021, due from related parties, net included a \$365,000 security deposit paid to Remington Hotel Corporation, an entity indirectly owned by Mr. Monty J. Bennett and Mr. Archie Bennett, Jr., for office space allocated to us under our advisory agreement. It will be held as security for the payment of our allocated share of office space rental. If unused it will be returned to us upon lease expiration or earlier termination. casualty insurance premiums.

## 16. Commitments and Contingencies

**Restricted Cash**—Under certain management and debt agreements for our hotel properties existing at December 31, 2022 December 31, 2023, escrow payments are required for insurance, real estate taxes and debt service. In addition, for certain properties based on the terms of the underlying debt and management agreements, we escrow 4% 3% to 5% of gross revenues for capital improvements.

**Licensing Fees**—In conjunction with the Mr. C Cameo Beverly Hills Hotel (formerly known as "Mr. C. Beverly Hills Hotel") acquisition on August 5, 2021, we entered into an Intellectual Property Sublease Sublicense Agreement, which allows allowed us to continue to use certain proprietary marks associated with the Mr. C brand name. In return, we pay paid licensing fees of: (i) 1% of total operating revenue; (ii) 2% of gross food and beverage revenues; and (iii) 25% of food and beverage profits. The agreement expires expired on August 5, 2023.

The table below summarizes the licensing fees incurred (in thousands):

| Year Ended<br>December<br>31, |                            | Year<br>Ended<br>December<br>31, |       | Year<br>Ended<br>December<br>31, |      |
|-------------------------------|----------------------------|----------------------------------|-------|----------------------------------|------|
| Line<br>Item                  | Line<br>Item               | 2022                             | 2021  | 2023                             | 2022 |
| Other<br>hotel<br>expenses    | Other<br>hotel<br>expenses | \$467                            | \$133 |                                  |      |

**Management Fees**—Under hotel management agreements for our hotel properties existing at December 31, 2022 December 31, 2023, we pay a monthly hotel management fee equal to the greater of approximately \$16,000 \$17,000 per hotel (increased annually based on

## BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

consumer price index adjustments) or 3% of gross revenues, or in some cases 3.0% to 5.0% of gross revenues, as well as annual incentive management fees, if applicable. These management agreements expire from December 2023 2027 through December 2065, with renewal options. If we terminate a management agreement prior to its expiration, we may be liable for estimated management fees through the remaining term, liquidated damages or, in certain circumstances, we may substitute a new management agreement.

**Income Taxes**—We and our subsidiaries file income tax returns in the federal jurisdiction and various states. Tax years 2018 2019 through 2022 2023 remain subject to potential examination by certain federal and state taxing authorities.

**Litigation**—On October 24, 2019, the Company provided notice to Accor of the material breach of Accor's responsibilities under the Accor management agreement for the Sofitel Chicago Magnificent Mile at 20 East Chestnut Street in Chicago, Illinois. On November 7, 2019, Accor filed a complaint against Ashford TRS Chicago II in the Supreme Court of the State of New York, New York County, seeking a declaratory judgment that no breach under the Accor management agreement has occurred and an injunction to prevent Ashford TRS Chicago II from terminating the Accor management agreement. Accor's complaint was dismissed on or about February 27, 2020. On January 6, 2020, Ashford TRS Chicago II filed a complaint against Accor in the Supreme Court of the State of New York, New York County, alleging breach of the Accor management agreement and seeking damages and a declaration of its right to terminate the Accor management agreement. On July 20, 2020, Accor filed an Amended Answer and Counterclaims against Ashford TRS Chicago II, in which Accor asserted two causes of

**BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

action: First, Accor asserted a counterclaim for declaratory judgment that Accor correctly calculated the amount payable to Ashford TRS Chicago II under the Accor management agreement to "cure" Accor's performance test failure (the "Cure Amount"). Second, Accor asserted a counterclaim for breach of contract alleging that Ashford TRS Chicago II breached the Accor management agreement by wrongfully maintaining that the Cure Amount for the 2018 and 2019 Performance Test failure is \$1,031,549 instead of \$535,120. On February 16, 2022, the parties entered into a settlement agreement agreeing to: 1) amend the Accor management agreement; 2) dismiss the lawsuit and counterclaims; 3) stipulate to the failure of the performance tests and cure amounts for 2018 of \$867,682 and 2019 of \$784,919; and 4) arbitrate whether the performance tests for 2020 and 2021 were valid and/or required equitable adjustment. On February 23, 2022, Ashford TRS Chicago II and Accor filed a stipulation of discontinuance dismissing all claims, counterclaims, and cross-claims in the January 6, 2020 action with prejudice. Arbitration occurred on October 12 and 13, 2022. The arbitrator returned his decision on November 21, 2022, and the decision did not result in any additional amounts being owed to, or payable by, the Company. As a result of the settlement related to the 2018 performance test failure, the Company recorded a gain of approximately \$868,000 in 2022, that is recorded as a reduction of management fees and included in "management fees" on the Company's consolidated statement of operations.

On December 20, 2016, a class action lawsuit was filed against one of the Company's hotel management companies in the Superior Court of the State of California in and for the County of Contra Costa alleging violations of certain California employment laws, which class action affects two hotels owned by subsidiaries of the Company. The court has entered an order granting class certification with respect to: (1) (i) a statewide class of non-exempt employees of our manager who were allegedly deprived of rest breaks as a result of our manager's previous written policy requiring its employees to stay on premises during rest breaks; and (2) (ii) a derivative class of non-exempt former employees of our manager who were not paid for allegedly missed breaks upon separation from employment. Notices to potential class members were sent out on February 2, 2021. Potential class members had until April 4, 2021 to opt out of the class; however, the total number of employees in the class has not been definitively determined and is the subject of continuing discovery. The opt out period has been extended until such time that discovery has concluded. In May 2023, the trial court requested additional briefing from the parties to determine whether the case should be maintained, dismissed, or the class de-certified. After submission of the briefs, the court requested that the parties submit stipulations for the court to rule upon. On February 13, 2024, the judge ordered the parties to submit additional briefing related to on-site breaks. While we believe it is reasonably possible that we may incur a loss associated with this litigation, because there remains uncertainty under California law with respect to a significant legal issue, discovery relating to class members continues, and the trial judge retains discretion to award lower penalties than set forth in the applicable California employment laws, we do not believe that any potential loss to the Company is reasonably estimable at this time. As of December 31, 2022 and December 31, 2023, no amounts have been accrued.

On June 8, 2022 a lawsuit was filed against various Hilton entities on behalf of a class of all hourly employees at all Hilton-branded managed properties in California, including Hilton La Jolla Torrey Pines. The complaint includes claims for unpaid wages, meal and rest break violations, and unreimbursed business expenses, along with various derivative claims including wage statement, final pay, and PAGA claims.

On November 30, 2023, Hilton mediated this litigation, but it did not result in a settlement. At the end of the mediation, the mediator submitted a mediator's proposal for approximately \$3.5 million, which the parties are still considering. The allocation to Hilton La Jolla Torrey Pines would be approximately \$371,000, which has been accrued as of December 31, 2023.

We are also engaged in other legal proceedings that have arisen but have not been fully adjudicated. To the extent the claims giving rise to these legal proceedings are not covered by insurance, they relate to the following general types of claims: employment matters, tax matters and matters relating to compliance with applicable law (for example, the ADA Americans with Disability Act and similar state laws). The likelihood of loss from these legal proceedings is based on the definitions within contingency accounting literature. We recognize a loss when we believe the loss is both probable and reasonably estimable. Based on the information available to us relating to these legal proceedings and/or our experience in similar legal proceedings, we do not believe the ultimate resolution of these proceedings, either individually or in the aggregate, will have a material adverse effect on our consolidated financial position, results of operations or cash flow. However, our

During the quarter ended September 30, 2023, we had a cyber incident that resulted in the potential exposure of certain employee personal information. We have completed an investigation and have identified certain employee information that may have been exposed, but we have not identified that any customer information was exposed. All systems have been restored. We believe that we maintain a sufficient level of insurance coverage related to such events, and the related incremental costs incurred to date are immaterial. In February of 2024, two class action lawsuits were filed related to the cyber incident. The suits are currently pending in the U.S. District Court for the Northern District of Texas. We intend to vigorously defend these matters and do not believe that any potential loss is reasonably estimable at this time. It is reasonably possible that the Company may incur additional costs related to the matter, but we are unable to predict with certainty the ultimate amount or range of potential loss.

Our assessment may change depending upon the development of these any current or future legal proceedings, and the final results of these such legal proceedings cannot be predicted with certainty. If we ultimately do not prevail in one or more of these legal

**BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

matters, and the associated realized losses exceed our current estimates of the range of potential losses, our consolidated financial position, results of operations, or cash flows could be materially adversely affected in future periods.

**Leases**—We lease land under two non-cancelable operating ground leases, which expire in 2067 and 2065, related to our hotel properties in La Jolla, California and Yountville, California, respectively. The lease in La Jolla, California contains one extension option of either 10 or 20 years dependent upon capital investment spend during the lease term. The lease in Yountville, California contains two 25-year extension options. These leases are subject to base rent plus contingent rent based on each hotel property's financial results and escalation clauses.

**Capital Commitments**—At **December 31, 2022** **December 31, 2023**, we had capital commitments of **\$39.4 million** **\$35.4 million**, including commitments that will be satisfied with insurance proceeds, relating to general capital improvements that are expected to be paid in the next twelve months.

## 17. Leases

The majority of our leases are We have operating ground leases. We also have leases and operating equipment leases, such as copier and vehicle leases, at our hotel properties. Some leases include one or more options to renew, with renewal terms that can extend the lease term from one to 50 years. The exercise of lease renewal options is at our sole discretion. Some leases have variable payments, however, if variable payments are contingent, they are not included in the ROU assets and liabilities. We have no finance leases as of **December 31, 2022** **December 31, 2023**.

### BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

The discount rate used to calculate the lease liability and ROU asset related to our ground leases is based on our incremental borrowing rate ("IBR"), as the rate implicit in each lease is not readily determinable. The IBR is determined at commencement of the lease, or upon modification of the lease, as the interest rate a lessee would have to pay to borrow on a fully collateralized basis over a similar term and at an amount equal to the lease payments in a similar economic environment.

As of **December 31, 2022** **December 31, 2023** and **2021**, **2022**, our leased assets and liabilities consisted of the following (in thousands):

|                                     |                                     | December 31, 2022 |        | December 31, 2021 |        |
|-------------------------------------|-------------------------------------|-------------------|--------|-------------------|--------|
|                                     |                                     | December 31, 2023 |        | December 31, 2023 |        |
|                                     |                                     | December 31, 2023 |        | December 31, 2023 |        |
|                                     |                                     | December 31, 2023 |        | December 31, 2023 |        |
| Assets                              | Assets                              |                   |        |                   |        |
| Assets                              |                                     |                   |        |                   |        |
| Assets                              |                                     |                   |        |                   |        |
| Operating lease right-of-use assets |                                     |                   |        |                   |        |
| Operating lease right-of-use assets |                                     |                   |        |                   |        |
| Operating lease right-of-use assets | Operating lease right-of-use assets | \$                | 79,449 | \$                | 80,462 |
| Liabilities                         | Liabilities                         |                   |        |                   |        |
| Liabilities                         |                                     |                   |        |                   |        |
| Liabilities                         |                                     |                   |        |                   |        |
| Operating lease liabilities         | Operating lease liabilities         | \$                | 60,692 | \$                | 60,937 |
| Operating lease liabilities         |                                     |                   |        |                   |        |
| Operating lease liabilities         |                                     |                   |        |                   |        |

We incurred the following lease costs related to our operating leases (in thousands):

|                                     |                                  | Year Ended December 31, |          |          |
|-------------------------------------|----------------------------------|-------------------------|----------|----------|
|                                     | Classification                   | 2022                    | 2021     | 2020     |
| Operating lease cost <sup>(1)</sup> | Hotel operating expenses - other | \$ 6,653                | \$ 5,349 | \$ 4,373 |

  

|                                     |                                  | Year Ended December 31, |          |          |
|-------------------------------------|----------------------------------|-------------------------|----------|----------|
|                                     | Classification                   | 2023                    | 2022     | 2021     |
| Operating lease cost <sup>(1)</sup> | Hotel operating expenses - other | \$ 6,757                | \$ 6,653 | \$ 5,349 |

<sup>(1)</sup> For the years ended December 31, **2023**, **2022** **2021** and **2020**, **2021**, operating lease cost includes approximately **\$2.2 million** **\$2.3 million**, **\$954,000** **\$2.2 million** and **\$(305,000)**, **\$954,000**, respectively, of variable lease cost associated with the ground leases, with the credit in 2020 primarily caused by the ground lease percentage rent true-up for fiscal year 2019-2020 at Hilton La Jolla Torrey Pines. leases. Additionally, we recorded \$474,000, **\$512,000** **\$474,000** and **\$834,000**, **\$512,000**, respectively, of amortization costs related to the intangible assets that were reclassified to "operating lease right-of-use assets" upon adoption of ASC 842. Short-term lease costs in aggregate are immaterial.

Other information related to leases is as follows:

|                                                                         |                                                                         | Year Ended December 31, |          |          |          |          |      |          |  |  |  |  |
|-------------------------------------------------------------------------|-------------------------------------------------------------------------|-------------------------|----------|----------|----------|----------|------|----------|--|--|--|--|
|                                                                         |                                                                         | 2022                    | 2021     | 2020     |          |          |      |          |  |  |  |  |
|                                                                         |                                                                         | Year Ended December 31, |          |          |          |          |      |          |  |  |  |  |
|                                                                         |                                                                         | Year Ended December 31, |          |          |          |          |      |          |  |  |  |  |
|                                                                         |                                                                         | Year Ended December 31, |          |          |          |          |      |          |  |  |  |  |
|                                                                         |                                                                         | 2023                    |          |          |          | 2023     | 2022 | 2021     |  |  |  |  |
| Supplemental Cash Flows Information                                     | Supplemental Cash Flows Information                                     |                         |          |          |          |          |      |          |  |  |  |  |
| Supplemental Cash Flows Information                                     |                                                                         |                         |          |          |          |          |      |          |  |  |  |  |
| Supplemental Cash Flows Information                                     |                                                                         |                         |          |          |          |          |      |          |  |  |  |  |
| Cash paid for amounts included in the measurement of lease liabilities: | Cash paid for amounts included in the measurement of lease liabilities: |                         |          |          |          |          |      |          |  |  |  |  |
| Operating cash flows from operating leases (in thousands)               |                                                                         | \$ 3,307                | \$ 3,302 | \$ 3,261 |          |          |      |          |  |  |  |  |
| Cash paid for amounts included in the measurement of lease liabilities: |                                                                         |                         |          |          |          |          |      |          |  |  |  |  |
| Cash paid for amounts included in the measurement of lease liabilities: |                                                                         |                         |          |          |          |          |      |          |  |  |  |  |
| Operating cash flows used for operating leases (in thousands)           |                                                                         |                         |          |          |          |          |      |          |  |  |  |  |
| Operating cash flows used for operating leases (in thousands)           |                                                                         |                         |          |          |          |          |      |          |  |  |  |  |
| Operating cash flows used for operating leases (in thousands)           |                                                                         |                         |          |          |          |          |      |          |  |  |  |  |
| Weighted Average Remaining Lease Term                                   | Weighted Average Remaining Lease Term                                   |                         |          |          |          |          |      |          |  |  |  |  |
| Weighted Average Remaining Lease Term                                   |                                                                         |                         |          |          |          |          |      |          |  |  |  |  |
| Weighted Average Remaining Lease Term                                   |                                                                         |                         |          |          |          |          |      |          |  |  |  |  |
| Operating leases <sup>(1)</sup>                                         |                                                                         |                         |          |          |          |          |      |          |  |  |  |  |
| Operating leases <sup>(1)</sup>                                         |                                                                         |                         |          |          |          |          |      |          |  |  |  |  |
| Operating leases <sup>(1)</sup>                                         | Operating leases <sup>(1)</sup>                                         | 44 years                | 45 years | 47 years | 43 years | 44 years |      | 45 years |  |  |  |  |
| Weighted Average Discount Rate                                          | Weighted Average Discount Rate                                          |                         |          |          |          |          |      |          |  |  |  |  |
| Weighted Average Discount Rate                                          |                                                                         |                         |          |          |          |          |      |          |  |  |  |  |
| Weighted Average Discount Rate                                          |                                                                         |                         |          |          |          |          |      |          |  |  |  |  |
| Operating leases <sup>(1)</sup>                                         |                                                                         |                         |          |          |          |          |      |          |  |  |  |  |

| Operating leases <sup>(1)</sup> |                                 |        |        |        |        |      |   |      |   |
|---------------------------------|---------------------------------|--------|--------|--------|--------|------|---|------|---|
| Operating leases <sup>(1)</sup> | Operating leases <sup>(1)</sup> | 4.98 % | 4.98 % | 4.98 % | 4.98 % | 4.98 | % | 4.98 | % |

(1) Calculated using the lease term, excluding extension options, and discount rates of the ground leases.

Future minimum lease payments due under non-cancellable leases as of December 31, 2022 were as follows (in thousands):

|                                                    | Operating Leases |
|----------------------------------------------------|------------------|
| 2023                                               | \$ 3,365         |
| 2024                                               | 3,329            |
| 2025                                               | 3,321            |
| 2026                                               | 3,334            |
| 2027                                               | 3,342            |
| Thereafter                                         | 141,300          |
| Total future minimum lease payments <sup>(1)</sup> | 157,991          |
| Less: interest                                     | (97,299)         |
| Present value of operating lease liabilities       | \$ 60,692        |

(1) Based on payment amounts as of December 31, 2022.

# BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Future minimum lease payments due under non-cancellable leases as of December 31, 2023 were as follows (in thousands):

|                                                    | Operating Leases |
|----------------------------------------------------|------------------|
| 2024                                               | \$ 3,430         |
| 2025                                               | 3,421            |
| 2026                                               | 3,434            |
| 2027                                               | 3,443            |
| 2028                                               | 3,449            |
| Thereafter                                         | 141,693          |
| Total future minimum lease payments <sup>(1)</sup> | 158,870          |
| Less: interest                                     | (98,491)         |
| Present value of operating lease liabilities       | \$ 60,379        |

(1) Based on payment amounts as of December 31, 2023.

## 18. Income Taxes

For U.S. federal income tax purposes, we elected to be taxed as a REIT under the Code. To qualify as a REIT, we must meet certain organizational and operational stipulations, including a requirement that we distribute at least 90% of our REIT taxable income, excluding net capital gains, to our stockholders. We currently intend to adhere to these requirements and maintain our REIT status. If we fail to qualify as a REIT in any taxable year, we will be subject to U.S. federal income taxes at regular corporate rates (including any applicable alternative minimum tax) and may not qualify as a REIT for four subsequent taxable years. Even if we qualify for taxation as a REIT, we may be subject to certain state and local taxes as well as to federal income and excise taxes on our undistributed taxable income.

At December 31, 2022 December 31, 2023, 15 of our hotel properties were leased to TRS lessees and The Ritz-Carlton St. Thomas was owned by our USVI TRS. The TRS entities recognized net book income (loss) before income taxes of \$25.4 million \$17.9 million, \$12.6 million \$25.4 million and \$(27.0) million \$12.6 million for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2021, respectively.

The following table reconciles the income tax expense at statutory rates to the actual income tax expense recorded (in thousands):

|                                                                                  | Year Ended December 31, |            |          |
|----------------------------------------------------------------------------------|-------------------------|------------|----------|
|                                                                                  | 2022                    | 2021       | 2020     |
| Income tax (expense) benefit at federal statutory income tax rate of 21%         | \$ (6,463)              | \$ (2,652) | \$ 5,619 |
| State income tax (expense) benefit, net of U.S. federal income tax benefit       | (1,961)                 | 574        | 3,136    |
| State and local income tax (expense) benefit on pass-through entity subsidiaries | (17)                    | (9)        | (5)      |
| Gross receipts and margin taxes                                                  | (69)                    | (26)       | (13)     |
| Benefit of USVI Economic Development Commission credit                           | 3,358                   | 3,346      | 783      |

|                                        |                   |                   |                 |
|----------------------------------------|-------------------|-------------------|-----------------|
| Benefits of Puerto Rico tax incentives | 1,474             | —                 | —               |
| Other                                  | 126               | (251)             | 311             |
| Valuation allowance                    | (491)             | (2,306)           | (5,425)         |
| Total income tax (expense) benefit     | <u>\$ (4,043)</u> | <u>\$ (1,324)</u> | <u>\$ 4,406</u> |

The components of income tax expense are as follows (in thousands):

|                                             | Year Ended December 31, |                   |                 |
|---------------------------------------------|-------------------------|-------------------|-----------------|
|                                             | 2022                    | 2021              | 2020            |
| Current:                                    |                         |                   |                 |
| Federal                                     | \$ (3,745)              | \$ (1,477)        | \$ 3,431        |
| State                                       | (247)                   | (21)              | 19              |
| Total current income tax (expense) benefit  | <u>(3,992)</u>          | <u>(1,498)</u>    | <u>3,450</u>    |
| Deferred:                                   |                         |                   |                 |
| Federal                                     | (51)                    | 131               | 1,262           |
| State                                       | —                       | 43                | (306)           |
| Total deferred income tax (expense) benefit | <u>(51)</u>             | <u>174</u>        | <u>956</u>      |
| Total income tax (expense) benefit          | <u>\$ (4,043)</u>       | <u>\$ (1,324)</u> | <u>\$ 4,406</u> |

For the years ended December 31, 2022, 2021 and 2020, income tax expense included interest and penalties paid to taxing authorities of \$1,000, \$3,000 and \$7,000, respectively. At December 31, 2022 and 2021, we determined that there were no amounts to accrue for interest and penalties due to taxing authorities.

|                                                                                  | Year Ended December 31, |                   |                   |
|----------------------------------------------------------------------------------|-------------------------|-------------------|-------------------|
|                                                                                  | 2023                    | 2022              | 2021              |
| Income tax (expense) benefit at federal statutory income tax rate of 21%         | \$ (5,180)              | \$ (6,463)        | \$ (2,652)        |
| State income tax (expense) benefit, net of U.S. federal income tax benefit       | (258)                   | (1,961)           | 574               |
| State and local income tax (expense) benefit on pass-through entity subsidiaries | (20)                    | (17)              | (9)               |
| Gross receipts and margin taxes                                                  | (52)                    | (69)              | (26)              |
| Benefit of USVI Economic Development Commission credit                           | 1,511                   | 3,358             | 3,346             |
| Benefits of Puerto Rico tax incentives                                           | 2,064                   | 1,474             | —                 |
| Effect of permanent differences                                                  | (229)                   | —                 | —                 |
| Other                                                                            | (46)                    | 126               | (251)             |
| Valuation allowance                                                              | (479)                   | (491)             | (2,306)           |
| Total income tax (expense) benefit                                               | <u>\$ (2,689)</u>       | <u>\$ (4,043)</u> | <u>\$ (1,324)</u> |

**BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

At December 31, 2022 The components of income tax expense are as follows (in thousands):

|                                             | Year Ended December 31, |                   |                   |
|---------------------------------------------|-------------------------|-------------------|-------------------|
|                                             | 2023                    | 2022              | 2021              |
| Current:                                    |                         |                   |                   |
| Federal                                     | \$ (467)                | \$ (3,745)        | \$ (1,477)        |
| State                                       | (69)                    | (247)             | (21)              |
| Foreign                                     | (824)                   | —                 | —                 |
| Total current income tax (expense) benefit  | <u>(1,360)</u>          | <u>(3,992)</u>    | <u>(1,498)</u>    |
| Deferred:                                   |                         |                   |                   |
| Federal                                     | (14)                    | (51)              | 131               |
| State                                       | —                       | —                 | 43                |
| Foreign                                     | (1,315)                 | —                 | —                 |
| Total deferred income tax (expense) benefit | <u>(1,329)</u>          | <u>(51)</u>       | <u>174</u>        |
| Total income tax (expense) benefit          | <u>\$ (2,689)</u>       | <u>\$ (4,043)</u> | <u>\$ (1,324)</u> |

The following table presents the U.S. and foreign earnings (losses) from continuing operations before income taxes (in thousands):

|         | Year Ended December 31, |                  |                    |
|---------|-------------------------|------------------|--------------------|
|         | 2023                    | 2022             | 2021               |
| U.S.    | \$ (51,878)             | \$ (3,859)       | \$ (47,986)        |
| Foreign | 23,939                  | 27,250           | 16,399             |
| Total   | <u>\$ (27,939)</u>      | <u>\$ 23,391</u> | <u>\$ (31,587)</u> |

For the years ended December 31, 2023, 2022 and 2021, income tax expense included interest and penalties paid to/(received from) taxing authorities of \$(11,000), \$1,000 and \$3,000, respectively. At December 31, 2023 and 2022, we determined that there were no amounts to accrue for interest and penalties due to taxing authorities.

At December 31, 2023 and 2022, our net deferred tax asset included in "other assets," on our consolidated balance sheets, (liability) and related valuation allowance consisted of the following (in thousands):

|                                               |                                        | December 31, |         |
|-----------------------------------------------|----------------------------------------|--------------|---------|
|                                               |                                        | 2022         | 2021    |
| Deferred tax assets                           |                                        |              |         |
| (liabilities):                                |                                        |              |         |
|                                               |                                        | December 31, |         |
|                                               |                                        | 2023         | 2022    |
| Deferred tax assets:                          |                                        |              |         |
| Tax intangibles basis greater than book basis |                                        |              |         |
| Tax intangibles basis greater than book basis |                                        |              |         |
| Tax intangibles basis greater than book basis |                                        | \$ 722       | \$ 722  |
| Allowance for doubtful accounts               | Allowance for doubtful accounts        | 76           | 28      |
| Unearned income                               | Unearned income                        | 2,769        | 2,147   |
| Federal and state net operating losses        | Federal and state net operating losses | 16,452       | 15,677  |
| Federal and state net operating losses        |                                        |              |         |
| Federal and state net operating losses        |                                        |              |         |
| Capital loss carryforward                     | Capital loss carryforward              | 525          | 529     |
| Accrued expenses                              |                                        |              |         |
| Other                                         | Other                                  | (48)         | 178     |
| Accrued expenses                              |                                        | 1,133        | 612     |
| Tax property basis greater than book basis    |                                        | (2,935)      | (2,487) |
| Prepaid expenses                              |                                        | (59)         | (4)     |
| Total deferred tax asset                      |                                        |              |         |
| Valuation allowance                           |                                        |              |         |



|                                                   |                                    |          |          |
|---------------------------------------------------|------------------------------------|----------|----------|
| Net deferred tax asset                            | Net deferred tax asset             | 18,635   | 17,402   |
|                                                   | Valuation allowance                | (18,627) | (17,343) |
| Deferred tax liabilities:                         |                                    |          |          |
| Deferred tax liabilities:                         |                                    |          |          |
| Deferred tax liabilities:                         |                                    |          |          |
| Other                                             |                                    |          |          |
| Other                                             |                                    |          |          |
| Other                                             |                                    |          |          |
| Tax property basis greater/(less) than book basis |                                    |          |          |
| Tax property basis greater/(less) than book basis |                                    |          |          |
| Tax property basis greater/(less) than book basis |                                    |          |          |
| Prepaid expenses                                  |                                    |          |          |
| Total deferred tax liability                      |                                    |          |          |
| Net deferred tax asset (liability)                | Net deferred tax asset (liability) | \$ 8     | \$ 59    |

**BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

At December 31, 2022, December 31, 2023 and 2021, 2022, we have reserved certain deferred tax assets of our TRS entities and recorded a valuation allowance of \$18.6 million, \$16.2 million and \$17.3 million, respectively, to partially reserve the deferred tax assets of our TRSS. Primarily as a result of the limitation imposed by the Code on the utilization of net operating losses of acquired subsidiaries, we believe it is more likely than not that \$18.6 million a portion of our deferred tax assets will not be realized, and therefore, have provided a valuation allowance to reserve against the balances.

At December 31, 2022, December 31, 2023, we had TRSS TRS net operating loss carryforwards for U.S. federal income tax purposes of \$68.5 million, \$63.6 million, of which \$50.7 million is subject to expiration and will begin to expire in 2023, 2024. The remainder was generated after December 2017 and is not subject to expiration under the Tax Cuts and Jobs Act. \$50.0 million, \$47.3 million of net operating loss carryforwards are attributable to acquired subsidiaries and are subject to substantial limitation on their use. At December 31, 2022, December 31, 2023, Braemar Hotels & Resorts Inc., our REIT, had net operating loss carryforwards for U.S. federal income tax purposes of \$109.7 million based on the latest filed tax return. Of this amount, \$2.2 million is subject to expiration in 2033. The remainder is not subject to expiration under the Tax Cuts and Jobs Act. We do not recognize deferred tax assets and a valuation allowance for the REIT since the REIT distributes its taxable income as dividends to stockholders, and in turn, the stockholders incur income taxes on those dividends.

The following table summarizes the changes in the valuation allowance (in thousands):

|                              |                              | Year Ended December 31, |          |          |                         |      |      |
|------------------------------|------------------------------|-------------------------|----------|----------|-------------------------|------|------|
|                              |                              | 2022                    | 2021     | 2020     |                         |      |      |
|                              |                              | Year Ended December 31, |          |          | Year Ended December 31, |      |      |
|                              |                              | 2023                    | 2022     | 2021     | 2023                    | 2022 | 2021 |
| Balance at beginning of year | Balance at beginning of year | \$17,343                | \$14,938 | \$11,581 |                         |      |      |
| Additions                    | Additions                    | 1,284                   | 2,405    | 3,357    |                         |      |      |
| Deductions                   | Deductions                   | —                       | —        | —        |                         |      |      |
| Balance at end of year       | Balance at end of year       | \$18,627                | \$17,343 | \$14,938 |                         |      |      |

The USVI TRS operates under a tax holiday in the U.S. Virgin Islands, which is effective through December 31, 2028, and may be extended if certain additional requirements are satisfied. The tax holiday is conditional upon our meeting certain employment and investment thresholds. The impact of this tax holiday decreased current foreign taxes by \$3.4 million, \$2.7 million, \$907,000, \$3.4 million and \$0, \$907,000 for the years ended December 31, 2022, December 31, 2023, 2021, 2022 and 2020, 2021, respectively. The benefit of the

tax holiday on net income (loss) per share was approximately, \$0.04, \$0.05 \$0.02 and \$0.00 \$0.02 for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2021, respectively.

In 2022, we acquired the The Ritz-Carlton Reserve Dorado Beach in Dorado, Puerto Rico. Our taxable entities in Puerto Rico operate under a tax holiday which is effective through April 2, 2028. The tax holiday is conditional upon meeting certain employment and investment thresholds. The impact of this tax holiday decreased current foreign taxes by \$4.0 million and \$2.5 million for the year years ended December 31, 2022. December 31, 2023 and 2022, respectively. The benefit of this tax holiday on net income (loss) per share was approximately \$0.06 and \$0.04 for the year years ended December 31, 2022.

BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

On March 27, 2020, the Coronavirus Aid, Relief, December 31, 2023 and Economic Security Act (the "CARES Act") was signed into law and includes certain income tax provisions relevant to businesses. The Company is required to recognize the effect on the consolidated financial statements in the period the law was enacted. For the year ended December 31, 2020, the CARES Act allowed us to record a tax benefit of \$3.4 million for the 2020 net operating loss at our TRS that was carried back to prior tax years, 2022, respectively.

19. Intangible Assets, net

Intangible assets, net consisted of the following (in thousands):

|                          |                          | December 31, |          |
|--------------------------|--------------------------|--------------|----------|
|                          |                          | December 31, |          |
|                          |                          | December 31, |          |
|                          |                          | 2022         | 2021     |
|                          |                          | December 31, |          |
|                          |                          | 2023         |          |
|                          |                          | 2023         |          |
|                          |                          | 2023         |          |
| Cost                     |                          |              |          |
| Cost                     |                          |              |          |
| Cost                     | Cost                     | \$ 5,682     | \$ 5,682 |
| Accumulated amortization | Accumulated amortization | (1,799)      | (1,421)  |
|                          |                          | \$ 3,883     | \$ 4,261 |
| Accumulated amortization |                          |              |          |
| Accumulated amortization |                          |              |          |
|                          |                          | \$           |          |
|                          |                          | \$           |          |
|                          |                          | \$           |          |

Intangible assets include the customer relationships associated with The Ritz-Carlton Sarasota acquisition on April 4, 2018. The customer relationships are being amortized over the 15 year expected life.

For the years ended December 31, 2022 December 31, 2023, 2022 and 2021, and 2020, amortization expense related to intangible assets was \$379,000, \$378,000 \$379,000 and \$379,000, respectively.

BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Estimated future amortization expense for intangible assets, net for each of the next five years and thereafter is as follows (in thousands):

|      |  | Intangible Assets, net |     |
|------|--|------------------------|-----|
|      |  | Intangible Assets, net |     |
|      |  | Intangible Assets, net |     |
|      |  | Intangible Assets, net |     |
| 2023 |  | \$                     | 379 |
| 2024 |  |                        |     |
| 2024 |  |                        |     |

|            |            |          |
|------------|------------|----------|
| 2024       | 2024       | 379      |
| 2025       | 2025       | 379      |
| 2026       | 2026       | 379      |
| 2027       | 2027       | 379      |
| 2028       |            |          |
| Thereafter | Thereafter | 1,988    |
| Total      | Total      | \$ 3,883 |

## 20. Concentration of Risk

Our investments are all concentrated within the hotel industry. All of our hotel properties are located within the U.S. and its territories. For the year ended **December 31, 2022** **December 31, 2023**, **the** **The Ritz-Carlton St. Thomas**, **and the** **The Ritz-Carlton Sarasota** **and The Ritz-Carlton Reserve Dorado Beach** generated revenues in excess of 10% of total hotel revenue amounting to **28%** **33%** of total hotel revenue.

Financial instruments that potentially subject us to significant concentrations of credit risk consist principally of cash and cash equivalents. We are exposed to credit risk with respect to cash held at various financial institutions that are in excess of the FDIC insurance limits of \$250,000 and amounts due or payable under our derivative contracts. Our counterparties to our derivative contracts are investment grade financial institutions.

## 21. Segment Reporting

We operate in one business segment within the hotel lodging industry: direct hotel investments. Direct hotel investments refers to owning hotel properties through either acquisition or new development. We report operating results of direct hotel investments on an aggregate basis as substantially all of our hotel investments have similar economic characteristics and exhibit similar long-term financial performance. As of **December 31, 2022** **December 31, 2023** and **December 31, 2021** **December 31, 2022**, all of our hotel properties were in the U.S. and its territories.

## 22. Subsequent Events

On **January 18, 2023** **January 3, 2024**, the Company **repaid its \$54.0 million** extended the mortgage loan secured by the Pier House Resort & Spa in Key West, Florida. The mortgage loan has an initial maturity date of September 2025 with one one-year extension option, subject to the satisfaction of certain conditions, continues to have a balance of \$80.0 million, and bears interest at a floating interest rate of SOFR + 3.60%.

On January 29, 2024, the Company extended the mortgage loan secured by The Ritz-Carlton **Reserve Dorado Beach**, St. Thomas in St. Thomas, USVI. The mortgage loan has an initial maturity date of August 2025 with one one-year extension option, subject to the satisfaction of certain conditions, continues to have a balance of \$42.5 million, and bears interest at a floating interest rate of SOFR + 4.35%.

## BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Subsequent to **December 31, 2022** On **February 5, 2024**, the Company **issued** amended the mortgage loan secured by the Hilton La Jolla Torrey Pines. It remains encumbered by the original mortgage loan, which now has been partially paid down to a remaining balance of \$66.6 million. While the Company considers its alternatives regarding refinancing the loan or potentially selling the asset, the lender has provided a six month forbearance agreement. The Company paid approximately 3.8 million shares \$692,000 upon extension. During this time, the mortgage loan bears an annual fixed interest rate of **Series E Preferred Stock** and received net proceeds of approximately \$85.4 million and issued approximately 533,000 shares of **Series M Preferred Stock** and received net proceeds of approximately \$12.9 million. **9.0%**.

On **February 21, 2023** **February 27, 2024**, the Company announced the closing of its offering of the **Series E Preferred Stock** and **Series M Preferred Stock**. **approved funding**, together with Ashford Inc., up to \$1.0 million in aggregate to OpenKey, allocated pro rata among them.

Subsequent to **December 31, 2022** On **March 7, 2024**, the Company **repurchased** approximately 3.9 closed on a \$62.0 million shares of its common stock for approximately \$18.9 million. The Company has repurchased approximately 5.4 million shares of its common stock for approximately \$25.0 million and has completed the \$25.0 million repurchase authorization authorized non-recourse loan secured by the board **Ritz-Carlton Reserve Dorado Beach**. The mortgage loan has a two-year term, is interest only and provides for a floating interest rate of **directors on December 7, 2022** **SOFR + 4.75%**.

On February 24, 2023, at the option of Mr. Monty J. Bennett, Mr. Bennett's 169,523 vested LTIP units that achieved economic parity with his common units were redeemed for common units on a one-for-one basis. On February 24, 2023, the Company received a Notice of Exercise of Redemption Right (the "Redemption Notice"), pursuant to which Mr. Bennett elected to redeem the common units and such redemption was settled in cash at the Company's election based on the average of the closing price of the Company's common stock for the ten consecutive trading days ending on February 23, 2023. Additionally, on February 24, 2023, Mr. Bennett elected to redeem an additional 1,254,254 common units and following receipt of the Redemption Notice, such redemption was settled in cash at the Company's election at a price per common unit based on the average of the closing price of the Company's common stock for the ten consecutive trading days ending on February 23, 2023. The cash redemption for the 1,423,777 common units totaled approximately \$7.0 million.

## Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

## Item 9A. Controls and Procedures

### Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, our management has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2022 December 31, 2023. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2022 December 31, 2023, as a result of the material weakness in our internal control over financial reporting related to the accounting for earnings per share described below, and for which it was not possible for the Company to remediate during the fourth quarter of 2022 because there were no similar transactions to evaluate, our disclosure controls and procedures were not effective to ensure that information required to be disclosed in reports that we file or submit under the Exchange Act (i) is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms; and (ii) is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures.

#### Management's Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting and for the assessment of the effectiveness of our internal control over financial reporting. The internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and our expenditures are being made only in accordance with authorizations of management and our directors and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2022 December 31, 2023. In making the assessment of the effectiveness of our internal control over financial reporting, management has utilized the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, (2013 framework) ("COSO").

In accordance with guidance issued by the SEC, companies are permitted to exclude acquisitions from their final assessment of internal control over financial reporting for the fiscal year in which the acquisition occurred. Management's evaluation of internal control over financial reporting excluded the internal control activities of the Four Seasons Resort Scottsdale. The Four Seasons Resort Scottsdale represented approximately 0.8% of consolidated revenues and approximately 4.8% of consolidated net income for the year ended December 31, 2022 and approximately 11.9% of total assets and approximately 20.8% of net assets as of December 31, 2022.

Based on management's assessment of these criteria, we concluded that, as of December 31, 2022, our internal control over financial reporting is not effective.

During our financial statement close process for the period ended December 31, 2022, We previously identified a material weakness was identified in related to the Company's control review controls over the evaluation of complex transactions as a result of the error identified in the accounting for treatment of deemed dividends on redeemable preferred stock in arriving at net income (loss) attributable to common stockholders which impacted the calculation as of earnings per share. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

December 31, 2022. The Company is evaluating remediation steps, which could include: (1) arranging for additional training for our associates and (2) designing implemented new or enhanced controls whereby management evaluates the nature treatment of equity complex transactions including but not limited to deemed dividends on redeemable preferred stock in arriving at net income (loss) attributable to common stockholders, and where appropriate, engages third-party accounting experts to assist management in assessing the accounting in its consolidated financial statements. The material weakness will not be considered remediated until management designs and implements effective Company tested the controls that operate for were implemented and concluded that the controls were operating effectively as of December 31, 2023. As a sufficient period of time and result, management has concluded through testing, that these controls are effective.

We reviewed the results of management's assessment with the audit committee of our board of directors.

Notwithstanding the material weakness described above, management has been remediated as of December 31, 2023.

Based on management's assessment of these criteria, we concluded that, as of December 31, 2023, our consolidated internal control over financial statements included in this annual report are fairly stated in all material respects in accordance with GAAP.

reporting is effective. The effectiveness of our internal control over financial reporting as of December 31, 2022 December 31, 2023 has been audited by BDO USA, LLP, P.C., an independent registered public accounting firm, as stated in their report which appears in this Annual Report on Form 10-K.

#### Changes in Internal Control over Financial Reporting

There were no Our management has evaluated, with the participation of our principal executive and principal financial officers, whether any changes in our internal controls over financial reporting that occurred during our most recent fiscal quarter ended December 31, 2022 that December 31, 2023 have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting. Based on the evaluation we conducted, other than remediation of the material weakness identified and discussed above, our management has concluded that no such changes have occurred.

#### Report of Independent Registered Public Accounting Firm

Stockholders and Board of Directors  
Braemar Hotels & Resorts Inc.  
Dallas, Texas

#### Opinion on Internal Control over Financial Reporting

We have audited Braemar Hotels & Resorts Inc.'s (the "Company's") internal control over financial reporting as of **December 31, 2022** **December 31, 2023**, based on criteria established in *Internal Control – Integrated Framework*(2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria"). In our opinion, the Company **did not maintain, maintained**, in all material respects, effective internal control over financial reporting as of **December 31, 2022** **December 31, 2023**, based on the COSO **criteria criteria**. We do not express an opinion or any other form of assurance on management's statements referring to any corrective actions taken by the Company after the date of management's assessment.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheets of the Company as of **December 31, 2022** **December 31, 2023** and **2021** **2022**, the related consolidated statements of operations, comprehensive income (loss), equity, and cash flows for each of the three years in the period ended **December 31, 2022** **December 31, 2023**, and the related notes and schedule (collectively referred to as "the financial statements") and our report dated **March 10, 2023** **March 14, 2024** expressed an unqualified opinion thereon.

## Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Item 9A, Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of internal control over financial reporting in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. A material weakness was identified regarding management's failure to design and maintain effective controls over the evaluation of complex transactions and is more fully described in management's assessment. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2022 financial statements, and this report does not affect our report dated March 10, 2023 on those financial statements.

As described in Management's Annual Report on Internal Control Over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of the Four Seasons Resort Scottsdale at Troon North, which was acquired on December 1, 2022, and which is included in the consolidated balance sheet of the Company as of December 31, 2022, and the related consolidated statements of operations, comprehensive income (loss), equity, and cash flows for the year then ended. The Four Seasons Resort Scottsdale at Troon North constituted 11.9% and 20.8% of total assets and net assets, respectively, as of December 31, 2022, and 0.8% and 4.8% of revenues and net income (loss), respectively, for the year then ended. Management did not assess the effectiveness of internal control over financial reporting of the Four Seasons Resort Scottsdale at Troon North because of the timing of the acquisition which was completed on December 1, 2022. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of the Four Seasons Resort Scottsdale at Troon North.

## Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ BDO USA, LLP P.C.

Dallas, Texas

March **10, 2023** **14, 2024**

## Item 9B. Other Information

**None.** During the three months ended December 31, 2023, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading agreement" or "non-Rule 10b5-1 trading agreement," as each term is defined in Item 408(a) of Regulation S-K.

#### **Entry into a Material Definitive Agreement.**

##### **Limited Waiver Under Advisory Agreement**

On March 11, 2024, we entered into a Limited Waiver Under Advisory Agreement with Ashford Inc. and Ashford LLC (the "Advisory Agreement Limited Waiver"). Pursuant to the Advisory Agreement Limited Waiver, the Company, the Operating Partnership, TRS and the Advisor waive the operation of any provision in our advisory agreement that would otherwise limit the ability of the Company in its discretion, at the Company's cost and expense, to award during calendar year 2024, cash incentive compensation to employees and other representatives of the Advisor.

The foregoing description of the Advisory Agreement Limited Waiver contained in this Item 9B does not purport to be complete and is subject to and qualified in its entirety by the full text of the agreement, a copy of which is attached hereto as Exhibit 10.38 and incorporated herein by reference.

#### **Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.**

Not applicable.

### **PART III**

#### **Item 10. Directors, Executive Officers and Corporate Governance**

The information required in response to this Item 10 is incorporated herein by reference to our definitive proxy statement to be filed with the SEC pursuant to Regulation 14A promulgated under the Exchange Act not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

#### **Item 11. Executive Compensation**

The information required in response to this Item 11 is incorporated herein by reference to our definitive proxy statement to be filed with the SEC pursuant to Regulation 14A promulgated under the Exchange Act not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

#### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The information required in response to this Item 12 is incorporated herein by reference to our definitive proxy statement to be filed with the SEC pursuant to Regulation 14A promulgated under the Exchange Act not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

#### **Item 13. Certain Relationships and Related Transactions, and Director Independence**

The information required in response to this Item 13 is incorporated herein by reference to our definitive proxy statement to be filed with the SEC pursuant to Regulation 14A promulgated under the Exchange Act not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

#### **Item 14. Principal Accountant Fees and Services**

The information required in response to this Item 14 is incorporated herein by reference to our definitive proxy statement to be filed with the SEC pursuant to Regulation 14A promulgated under the Exchange Act not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

### **PART IV**

#### **Item 15. Exhibits, Financial Statement Schedules**

##### **(a), (c) Financial Statement Schedules**

See "Item 8. Financial Statements and Supplementary Data," on pages 109 108 through 157 153 hereof, for a list of our consolidated financial statements and report of independent registered public accounting firm.

The following financial statement schedule is included herein on page 169 165 through page 170 166 hereof.

Schedule III – Real Estate and Accumulated Depreciation

All other financial statement schedules have been omitted because such schedules are not required under the related instructions, such schedules are not significant, or the required information has been disclosed elsewhere in the consolidated financial statements and related notes thereto.

##### **(b) Exhibits**

| Exhibit<br>Number | Exhibit Description                                                                                                                                                                                                                                                                                                                                                                    |
|-------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2.1               | <a href="#">Separation and Distribution Agreement between Ashford Hospitality Prime, Inc., Ashford Hospitality Trust, Inc. and the other parties thereto (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed on November 12, 2013) (File No. 001-35972)</a>                                                                                              |
| 2.2               | <a href="#">Separation and Distribution Agreement Correction between Ashford Hospitality Prime, Inc., Ashford Hospitality Trust, Inc. and the other parties thereto (incorporated by reference to Exhibit 2.2 of the Registration Statement on Form S-11 filed on December 19, 2013) (File No. 001-35972)</a>                                                                          |
| 2.3               | <a href="#">Agreement of Purchase and Sale, dated as of May 20, 2016, by and between Washington Real Estate Holdings, LLC and Ashford Seattle Downtown LP (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed on July 7, 2016) (File No. 001-35972)</a>                                                                                                  |
| 3.1               | <a href="#">Articles of Amendment and Restatement of Ashford Hospitality Prime, Inc. (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on April 29, 2016) (File No. 001-35972)</a>                                                                                                                                                                     |
| 3.1.1             | <a href="#">Amendment Number One to the Articles of Amendment and Restatement of Ashford Hospitality Prime, Inc. (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on December 8, 2017) (File No. 001-35972)</a>                                                                                                                                       |
| 3.1.2             | <a href="#">Amendment Number Two to Articles of Amendment and Restatement of Braemar Hotels &amp; Resorts Inc. (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on April 23, 2018) (File No. 001-35972)</a>                                                                                                                                           |
| 3.1.3             | <a href="#">Articles of Amendment of Braemar Hotels &amp; Resorts Inc., accepted for record and certified by the SDAT on January 23, 2020 (incorporated by reference to Exhibit 3.13 to Amendment No. 1 to the Registration Statement on Form S-3 (File No. 333-234663) filed with the SEC on January 24, 2020)</a>                                                                    |
| 3.2               | <a href="#">Fourth <del>Fifth</del> Amended and Restated Bylaws, as amended by Amendment No. 1 on March 17, 2022 and by Amendment No. 2 February 27, 2024, adopted on February 23, 2023 February 27, 2024 (incorporated by reference to Exhibit <del>3.2</del> 3.2 to the Current Report on Form 8-K filed on February 23, 2023) March 1, 2024) (File No. 001-35972)</a>               |
| 3.3               | <a href="#">Articles of Amendment of Ashford Hospitality Prime, Inc. (incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K filed on April 29, 2016) (File No. 001-35972)</a>                                                                                                                                                                                     |
| 3.4               | <a href="#">Articles Supplementary of Ashford Hospitality Prime, Inc. (incorporated by reference to Exhibit 3.3 to the Current Report on Form 8-K filed on April 29, 2016) (File No. 001-35972)</a>                                                                                                                                                                                    |
| 3.5               | <a href="#">Articles Supplementary for 5.50% Series A Cumulative Convertible Preferred Stock of Ashford Hospitality Prime, Inc., as amended by a Certificate of Correction (incorporated by reference to Exhibit 3.4 to the Current Report on Form 8-K filed on April 29, 2016) (File No. 001-35972)</a>                                                                               |
| 3.6               | <a href="#">Articles Supplementary for 5.50% Series B Cumulative Convertible Preferred Stock of Ashford Hospitality Prime, Inc., accepted for record and certified by the Maryland State Department of Assessments and Taxation on December 4, 2015 (incorporated by reference to Exhibit 3.5 to the Current Report on Form 8-K filed on April 29, 2016) (File No. 001-35972)</a>      |
| 3.6.1             | <a href="#">Articles Supplementary Establishing Additional Shares of the Series B Preferred Stock of Ashford Hospitality Prime, Inc., as filed with the State Department of Assessments and Taxation of Maryland on March 3, 2017 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on March 7, 2017) (File No. 001-35972)</a>                         |
| 3.6.2             | <a href="#">Articles Supplementary Establishing Additional Shares of Series B Preferred Stock of Braemar Hotels &amp; Resorts Inc., accepted for record and certified by the Maryland State Department of Assessments and Taxation on December 4, 2019 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on December 4, 2019) (File No. 001-35972)</a> |
| 3.7               | <a href="#">Articles Supplementary for the Series C Preferred Stock of Ashford Hospitality Prime, Inc., as filed with the State Department of Assessments and Taxation of Maryland on February 1, 2016 (incorporated by reference to Exhibit 3.6 to the Current Report on Form 8-K filed on April 29, 2016) (File No. 001-35972)</a>                                                   |
| 3.8               | <a href="#">Articles Supplementary for the Series D Cumulative Preferred Stock, accepted for record and certified by the Maryland State Department of Assessments and Taxation on November 19, 2018 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on November 19, 2018) (File No. 001-35972)</a>                                                   |
| 3.9               | <a href="#">Articles Supplementary Establishing the Series E Redeemable Preferred Stock of Braemar Hotels &amp; Resorts Inc., accepted for record and certified by the SDAT on April 2, 2021 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on April 2, 2021) (File No. 001-35972)</a>                                                              |
| 3.10              | <a href="#">Certificate of Correction of Series E Articles Supplementary of Braemar Hotels &amp; Resorts Inc., accepted for record and certified by the SDAT on November 4, 2021 (incorporated by reference to Exhibit 3.1 to the Quarterly Report on Form 10-Q filed on November 5, 2021) (File No. 001-35972)</a>                                                                    |
| 3.11              | <a href="#">Articles Supplementary Establishing the Series M Redeemable Preferred Stock of Braemar Hotels &amp; Resorts Inc., accepted for record and certified by the SDAT on April 2, 2021 (incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K filed on April 2, 2021) (File No. 001-35972)</a>                                                              |



|        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3.12   | <a href="#">Certificate of Correction of Series M Articles Supplementary of Braemar Hotels &amp; Resorts Inc., accepted for record and certified by the SDAT on November 4, 2021 (incorporated by reference to Exhibit 3.1 to the Quarterly Report on Form 10-Q filed on November 5, 2021) (File No. 001-35972)</a>                                                                                                                                                |
| 4.1    | <a href="#">Specimen Common Stock Certificate of Ashford Hospitality Prime, Inc. (incorporated by reference to Exhibit 4.1 to Amendment No. 4 to the Registration Statement on Form 10 filed on October 23, 2013) (File No. 001-35972)</a>                                                                                                                                                                                                                         |
| 4.2    | <a href="#">Preemptive Rights Agreement, dated as of June 9, 2015, by and among Ashford Hospitality Prime, Inc. and certain investors in the Series A Preferred Stock (incorporated by reference to Exhibit 4.3 to the Current Report on Form 8-K filed on June 15, 2015) (File No. 001-35972)</a>                                                                                                                                                                 |
| 4.3    | <a href="#">Registration Rights Agreement, dated December 4, 2015, by and among the Company, the Operating Partnership, the Advisor and certain holders of the Series B Preferred Stock (Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K filed on December 10, 2015) (File No. 001-35972)</a>                                                                                                                                           |
| 4.4    | <a href="#">Preemptive Rights Agreement, dated as of December 4, 2015, by and among the Company and the Series B Investors (incorporated by reference to Exhibit 4.3 to the Current Report on Form 8-K filed on December 10, 2015) (File No. 001-35972)</a>                                                                                                                                                                                                        |
| 4.5    | <a href="#">Indenture, dated as of May 18, 2021, by and among the Company, as issuer, and the Trustee, as trustee, including the Form of Note representing the Company's 4.50% Convertible Senior Notes due 2026, (incorporated by reference to Exhibit 1.1 to the Current Report on Form 8-K filed on May 18, 2021) (File No. 001-35972)</a>                                                                                                                      |
| 4.6*   | <a href="#">Description of Securities</a>                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 10.1   | <a href="#">Third Amended and Restated Agreement of Limited Partnership of Ashford Hospitality Prime Limited Partnership, dated March 7, 2017 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on March 7, 2017) (File No. 001-35972)</a>                                                                                                                                                                                        |
| 10.1.1 | <a href="#">Amendment No. 2 to the Third Amended and Restated Agreement of Limited Partnership of Braemar Hotels &amp; Resorts Limited Partnership, dated November 20, 2018 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on November 20, 2018) (File No. 001-35972)</a>                                                                                                                                                      |
| 10.1.2 | <a href="#">Amendment No. 3 to the Third Amended and Restated Agreement of Limited Partnership of Braemar Hospitality Limited Partnership (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on December 4, 2019) (File No. 001-35972)</a>                                                                                                                                                                                         |
| 10.1.3 | <a href="#">Amendment No. 4 to the Third Amended and Restated Agreement of Limited Partnership of Braemar Hospitality Limited Partnership (incorporated by reference to Exhibit 10.1 of Form 8-K filed on January 24, 2020)</a>                                                                                                                                                                                                                                    |
| 10.1.4 | <a href="#">Amendment No. 5 to the Third Amended and Restated Agreement of Limited Partnership of Braemar Hospitality Limited Partnership, (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on April 2, 2021) (File No. 001-35972)</a>                                                                                                                                                                                           |
| 10.1.5 | <a href="#">Amendment No. 6 to the Third Amended and Restated Agreement of Limited Partnership of Braemar Hospitality Limited Partnership, (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on May 18, 2021) (File No. 001-35972)</a>                                                                                                                                                                                            |
| 10.2   | <a href="#">Fifth Amended and Restated Advisory Agreement, dated as of April 23, 2018, among Braemar Hotels &amp; Resorts Inc., Braemar Hospitality Limited Partnership, Braemar TRS Corporation, Ashford Hospitality Advisors LLC and Ashford Inc. (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K filed on April 23, 2018) (File No. 001-35972)</a>                                                                                         |
| 10.2.1 | <a href="#">Enhanced Return Funding Program Agreement and Amendment No. 1 to the Fifth Amended and Restated Advisory Agreement, dated January 15, 2019, by and among Braemar Hotels &amp; Resorts Inc., Braemar Hospitality Limited Partnership, Braemar TRS Corporation, Ashford Inc. and Ashford Hospitality Advisors LLC (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K filed on January 18, 2019) (File No. 001-35972)</a>               |
| 10.2.2 | <a href="#">Amendment No. 2 to the Fifth Amended and Restated Advisory Agreement, dated as of August 16, 2021, by and among Braemar Hotels &amp; Resorts Inc., Braemar Hospitality Limited Partnership, Braemar TRS Corporation, Ashford Inc. and Ashford Hospitality Advisors LLC (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K filed on August 17, 2021) (File No. 001-35972)</a>                                                         |
| 10.3   | <a href="#">Right of First Offer Agreement between Ashford Hospitality Trust, Inc. and Ashford Hospitality Prime, Inc., dated November 19, 2013 (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed on November 25, 2013) (File No. 001-35972)</a>                                                                                                                                                                                  |
| 10.4   | <a href="#">Amended and Restated Ashford Hospitality Prime, Inc. 2013 Equity Incentive Plan, dated November 5, 2013 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on November 12, 2013) (File No. 001-35972)</a>                                                                                                                                                                                                              |
| 10.5†  | <a href="#">Ashford Hospitality Prime, Inc. Advisor Equity Incentive Plan (incorporated by reference to Exhibit 10.5 of the Registration Statement on Form S-11 filed on December 19, 2013) (File No. 001-35972)</a>                                                                                                                                                                                                                                               |
| 10.6   | <a href="#">Option Agreement Pier House Resort &amp; Spa by and between Ashford Hospitality Prime Limited Partnership and Ashford Hospitality Limited Partnership with respect to the Properties Entities, and Ashford TRS Corporation and Ashford Prime TRS Corporation with respect to the TRS Entity, dated November 19, 2013 (incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K filed on November 25, 2013) (File No. 001-35972)</a> |



|           |                                                                                                                                                                                                                                                                                                                                                                                                   |
|-----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 10.7      | <a href="#">Amended and Restated Braemar Mutual Exclusivity Agreement, dated August 8, 2018, by and among Braemar Hospitality Limited Partnership, Braemar Hotels &amp; Resorts, Inc., Remington Lodging &amp; Hospitality, LLC, as consented to by Monty J. Bennett (incorporated by reference to Exhibit 10.3 of the Current Report on Form 8-K filed August 14, 2018) (File No. 001-35972)</a> |
| 10.7.1    | <a href="#">Braemar Mutual Exclusivity Agreement, dated August 8, 2018, by and among Braemar Hospitality Limited Partnership, Braemar Hotels &amp; Resorts, Inc. and Project Management LLC (incorporated by reference to Exhibit 10.4 of the Current Report on Form 8-K filed August 14, 2018) (File No. 001-35972)</a>                                                                          |
| 10.8      | <a href="#">Amended and Restated Braemar Hotel Master Management Agreement, dated August 8, 2018, by and among Braemar TRS Corporation, CHH III Tenant Parent Corp., RC Hotels (Virgin Islands), Inc. and Remington Lodging &amp; Hospitality, LLC (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed August 14, 2018) (File No. 001-35972)</a>                   |
| 10.8.1    | <a href="#">Braemar Master Project Management Agreement, dated August 8, 2018, by and among Braemar TRS Corporation, CHH III Tenant Parent Corp., RC Hotels (Virgin Islands), Inc., Braemar Hospitality Limited Partnership and Project Management LLC (incorporated by reference to Exhibit 10.2 of the Current Report on Form 8-K filed August 14, 2018) (File No. 001-35972)</a>               |
| 10.9      | <a href="#">Registration Rights Agreement by and between Ashford Hospitality Prime, Inc., Ashford Hospitality Limited Partnership and Ashford Hospitality Advisors LLC, dated November 19, 2013 (incorporated by reference to Exhibit 10.8 to the Current Report on Form 8-K filed on November 25, 2013) (File No. 001-35972)</a>                                                                 |
| 10.10     | <a href="#">Registration Rights Agreement between Ashford Hospitality Prime, Inc., for the benefit of the holders of common partnership units in Ashford Hospitality Prime Limited Partnership named therein, dated November 19, 2013 (incorporated by reference to Exhibit 10.9 to the Current Report on Form 8-K filed on November 25, 2013) (File No. 001-35972)</a>                           |
| 10.11     | <a href="#">Schedule of Agreements omitted pursuant to Instruction 2 to Item 601 of Regulation S-K (incorporated by reference to Exhibit 10.13a to Amendment No. 3 to the Registration Statement on Form 10 filed on September 24, 2013) (File No. 001-35972)</a>                                                                                                                                 |
| 10.12     | <a href="#">Licensing Agreement between Ashford Hospitality Trust, Inc., Ashford Hospitality Prime, Inc. and Ashford Hospitality Prime Limited Partnership, dated November 19, 2013 (incorporated by reference to Exhibit 10.10 to the Current Report on Form 8-K filed on November 25, 2013) (File No. 001-35972)</a>                                                                            |
| 10.13     | <a href="#">Loan Agreement, dated as of March 9, 2015, among Ashford Pier House LP, Ashford TRS Pier House LLC, and Credit Agricole Corporate and Investment Bank (incorporated by reference to Exhibit 10.33 to the Annual Report on Form 10-K filed on March 16, 2015) (File No. 001-35972)</a>                                                                                                 |
| 10.14     | <a href="#">Recourse Liability Agreement, dated as of March 9, 2015, made by Ashford Pier House LP, Ashford TRS Pier House LLC, and Ashford Hospitality Prime Limited Partnership for the benefit of Credit Agricole Corporate and Investment Bank (incorporated by reference to Exhibit 10.34 to the Annual Report on Form 10-K filed on March 16, 2015) (File No. 001-35972)</a>                |
| 10.15     | <a href="#">Environmental Indemnity, dated as of March 9, 2015, made by Ashford Pier House LP, Ashford TRS Pier House LLC, and Ashford Hospitality Prime Limited Partnership for the benefit of Credit Agricole Corporate and Investment Bank (incorporated by reference to Exhibit 10.35 to the Annual Report on Form 10-K filed on March 16, 2015) (File No. 001-35972)</a>                     |
| 10.16     | <a href="#">Letter Agreement, dated September 17, 2015, by and between Ashford Hospitality Prime, Inc. and Ashford Inc. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on September 18, 2015) (File No. 001-35972)</a>                                                                                                                                        |
| 10.17†    | <a href="#">Second Amended and Restated Braemar Hotels &amp; Resorts Inc. 2013 Equity Incentive Plan, as amended and restated through May 11, 2022 (incorporated by reference to Exhibit 10.1 to the Registrant's Form S-8 filed on May 12, 2022) (May 12, 2022) (File No. 001-35972)</a>                                                                                                         |
| 10.17.1†* | <a href="#">Form of 2023 Deferred Cash Award Agreement (incorporated by reference to Exhibit 10.17.1 to the Annual Report on Form 10-K filed on March 10, 2023 (File No. 001-35972)</a>                                                                                                                                                                                                           |
| 10.17.2†* | <a href="#">Form of 2023 Performance Stock Unit Award Agreement (incorporated by reference to Exhibit 10.17.2 to the Annual Report on Form 10-K filed on March 10, 2023 (File No. 001-35972)</a>                                                                                                                                                                                                  |
| 10.17.3†* | <a href="#">Form of 2023 Performance LTIP Unit Award Agreement (incorporated by reference to Exhibit 10.17.3 to the Annual Report on Form 10-K filed on March 10, 2023 (File No. 001-35972)</a>                                                                                                                                                                                                   |
| 10.18†    | <a href="#">Form of 2021 Performance LTIP Unit Award Agreement (filed as Exhibit 10.7 to the Quarterly Report on Form 10-Q filed on May 7, 2021) (File No. 001-35972)</a>                                                                                                                                                                                                                         |
| 10.19†    | <a href="#">Form of 2021 Performance Stock Unit Award Agreement (filed as Exhibit 10.6 to the Quarterly Report on Form 10-Q filed on May 7, 2021) (File No. 001-35972)</a>                                                                                                                                                                                                                        |
| 10.20†    | <a href="#">Restricted Stock Award Agreement, dated as of November 2, 2016, by and between Ashford Hospitality Prime, Inc. and Richard J. Stockton (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on November 2, 2016) (File No. 001-35972)</a>                                                                                                               |
| 10.21.1   | <a href="#">Second Amended and Restated Credit Agreement, dated as of October 25, 2019, by and among Braemar Hotels &amp; Resorts Inc., Braemar Hospitality Limited Partnership, Bank of America, N.A. and the other lenders party thereto (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on October 28, 2019) (File No. 001-35972)</a>                       |
| 10.21.2   | <a href="#">First Amendment to Second Amended and Restated Credit Agreement, dated June 8, 2020 (incorporated by reference to Exhibit 10.1 of Form 8-K filed June 11, 2020)</a>                                                                                                                                                                                                                   |

|             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 10.21.3     | <a href="#">Second Amendment to Second Amended and Restated Credit Agreement, dated February 22, 2021, (incorporated by reference to Exhibit 10.1 of Form 8-K filed February 22, 2021) (File No. 001-35972)</a>                                                                                                                                                                                                                                                                                                                                                                                     |
| 10.22       | <a href="#">Form of Indemnification Agreement between Ashford Hospitality Prime, Inc. and each of its executive officers and directors (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on March 8, 2017) (File No. 001-35972)</a>                                                                                                                                                                                                                                                                                                                                |
| 10.23       | <a href="#">Agreement of Purchase and Sale, dated January 13, 2017 between Ashford Hospitality Prime Limited Partnership, a Delaware limited partnership and Hotel Yountville, LLC, a California limited liability company, Hotel Yountville Holdings, LLC, a California limited liability company, Altamura Family, LLC, a California limited liability company, and George Altamura, Jr., LLC, a California limited liability company (incorporated by reference to Exhibit 10.1 of the Quarterly Report on Form 10-Q filed on May 9, 2017) (File No. 001-35972)</a>                              |
| 10.23.1     | <a href="#">First Amendment of Agreement of Purchase and Sale, dated January 30, 2017, between Hotel Yountville, LLC, a California limited liability company, Hotel Yountville Holdings, LLC, a California limited liability company, Altamura Family, LLC, a California limited liability company, and George Altamura, Jr., LLC, a California limited liability company and Ashford Hospitality Prime Limited Partnership, a Delaware limited partnership (incorporated by reference to Exhibit 10.1.1 of the Quarterly Report on Form 10-Q filed on May 9, 2017) (File No. 001-35972)</a>        |
| 10.23.2     | <a href="#">Second Amendment of Agreement of Purchase and Sale, dated February 28, 2017, by and among Hotel Yountville, LLC, a California limited liability company, Hotel Yountville Holdings, LLC, a California limited liability company, Altamura Family, LLC, a California limited liability company, and George Altamura, Jr., LLC, a California limited liability company and Ashford Hospitality Prime Limited Partnership, a Delaware limited partnership (incorporated by reference to Exhibit 10.1.2 of the Quarterly Report on Form 10-Q filed on May 9, 2017) (File No. 001-35972)</a> |
| 10.24       | <a href="#">Sale and Purchase Agreement, dated March 9, 2017, by and between, WTCC Beaver Creek Investors V, L.L.C., a Delaware limited liability company, and Ashford Hospitality Prime Limited Partnership, a Delaware limited partnership (incorporated by reference to Exhibit 10.2 of the Quarterly Report on Form 10-Q filed on May 9, 2017) (File No. 001-35972)</a>                                                                                                                                                                                                                         |
| 10.24.1     | <a href="#">First Amendment To Sale and Purchase Agreement, dated March 13, 2017, by and between WTCC Beaver Creek Investors V, L.L.C., a Delaware limited liability company, and Ashford Hospitality Prime Limited Partnership, a Delaware limited partnership (incorporated by reference to Exhibit 10.2.1 of the Quarterly Report on Form 10-Q filed on May 9, 2017) (File No. 001-35972)</a>                                                                                                                                                                                                    |
| 10.25       | <a href="#">Form of Director Confidentiality Agreement (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed on July 7, 2017 (File No. 001-35972)</a>                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 10.26†      | <a href="#">Amended and Restated Employment Agreement, dated as of April 30, 2019, by and among Ashford Inc., Ashford Hospitality Advisors, LLC, and Richard J. Stockton (incorporated by reference to Exhibit 10.28 to the Annual Report on Form 10-K/A filed on April 30, 2019) (File No. 001-35972)</a>                                                                                                                                                                                                                                                                                          |
| 10.27       | <a href="#">First Amendment to Amended and Restated Employment Agreement, dated as of May 12, 2022, May 12, 2022, by and among Ashford Inc., Ashford Hospitality Advisors, LLC, and Richard J. Stockton (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed on May 12, 2022) (File No. 001-35972)</a>                                                                                                                                                                                                                                                                |
| 10.28       | <a href="#">Standby Equity Distribution Agreement, dated as of February 4, 2021, by and between Braemar Hotels &amp; Resorts Inc. and YA II PN, Ltd. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on February 4, 2021) (File No. 001-35972)</a>                                                                                                                                                                                                                                                                                                               |
| 10.29       | <a href="#">Purchase Agreement, dated as of April 21, 2021, by and between the Company and Lincoln Park Capital Fund, LLC (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on April 21, 2021) (File No. 001-35972)</a>                                                                                                                                                                                                                                                                                                                                            |
| 10.30       | <a href="#">Purchase Agreement, dated as of May 13, 2021, by and among the Company, the Operating Partnership, the Advisor and UBS Securities LLC, as the Initial Purchaser. (incorporated by reference to Exhibit 1.1 to the Current Report on Form 8-K filed on May 18, 2021) (File No. 001-35972)</a>                                                                                                                                                                                                                                                                                            |
| 10.31       | <a href="#">Amendment No. 1 to the Braemar Master Project Management Agreement (filed as Exhibit 10.5 to the Quarterly Report on Form 10-Q filed on August 6, 2021) (File No. 001-35972)</a>                                                                                                                                                                                                                                                                                                                                                                                                        |
| 10.32       | <a href="#">Limited Waiver Under Advisory Agreement, dated as of March 10, 2022, by and among Braemar Hotels &amp; Resorts Inc., Braemar Hospitality Limited Partnership, Braemar TRS Corporation, Ashford Inc. and Ashford Hospitality Advisors LLC. (incorporated by reference to Exhibit 10.39 to the Annual Report on Form 10-K filed on March 10, 2022) (File No. 001-35972)</a>                                                                                                                                                                                                               |
| 10.33*10.33 | <a href="#">Purchase and Sale Agreement, dated as of October 31, 2022, by and between SHR FSST, LLC and STRS FSST and BHR Scottsdale LP (incorporated by reference to Exhibit 10.39 to the Annual Report on Form 10-K filed on March 10, 2022) (File No. 001-35972)</a>                                                                                                                                                                                                                                                                                                                             |

|        |                                                                                                                                                                                                                                                                                                                                                                                                              |
|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 10.34  | <a href="#">Limited Waiver Under Advisory Agreement, dated as of March 2, 2023, by and among Braemar Hotels &amp; Resorts Inc., Braemar Hospitality Limited Partnership, Braemar TRS Corporation, Ashford Inc., and Ashford Hospitality Advisors LLC (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed March 3, 2023) (File No. 001-35972)</a>                              |
| 10.35† | <a href="#">Amendment No. 4 to the Braemar Hotels &amp; Resorts, Inc. Second Amended and Restated 2013 Equity Incentive Plan (incorporated by reference to Annex B to the Company's Proxy Statement on Schedule 14A filed March 28, 2023) (File No. 001-35972)</a>                                                                                                                                           |
| 10.36  | <a href="#">Credit Agreement, dated as of July 31, 2023, by and among Braemar Hospitality Limited Partnership, Braemar Hotels &amp; Resorts Inc., the lenders party thereto and Bank of America, N.A. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed August 1, 2023) (File No. 001-35972)</a>                                                                            |
| 10.37* | <a href="#">Amendment No.2 to the Master Project Management Agreement, dated as of February 12, 2024, by and among Braemar TRS Corporation, CHH III Tenant Parent Corp., RC Hotels (Virgin Islands), Inc., Premier Project Management LLC and Braemar Hospitality Limited Partnership</a>                                                                                                                    |
| 10.38* | <a href="#">Limited Waiver Under Advisory Agreement, dated as of March 11, 2024, by and among Braemar Hotels &amp; Resorts Inc., Braemar Hospitality Limited Partnership, Braemar TRS Corporation, Ashford Inc., and Ashford Hospitality Advisors LLC</a>                                                                                                                                                    |
| 10.39* | <a href="#">First Amendment to Credit Agreement, dated as of February 21, 2024, by and among Braemar Hospitality Limited Partnership, Braemar Hotels &amp; Resorts, Inc., the lenders party thereto and Bank of America, N.A.</a>                                                                                                                                                                            |
| 21.1*  | <a href="#">List of Subsidiaries of Braemar Hotels &amp; Resorts Inc.</a>                                                                                                                                                                                                                                                                                                                                    |
| 21.2*  | <a href="#">List of Special Purpose Entities of Braemar Hotels &amp; Resorts Inc.</a>                                                                                                                                                                                                                                                                                                                        |
| 23.1*  | <a href="#">Consent of BDO USA, LLP P.C.</a>                                                                                                                                                                                                                                                                                                                                                                 |
| 31.1*  | <a href="#">Certification of the Chief Executive Officer required by Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended</a>                                                                                                                                                                                                                                                                   |
| 31.2*  | <a href="#">Certification of the Chief Financial Officer required by Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended</a>                                                                                                                                                                                                                                                                   |
| 32.1** | <a href="#">Certification of the Chief Executive Officer required by Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (In accordance with SEC Release 33-8212, this exhibit is being furnished, and is not being filed as part of this report or as a separate disclosure document, and is not being incorporated by reference into any Securities Act of 1933 registration statement.)</a> |
| 32.2** | <a href="#">Certification of the Chief Financial Officer required by Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (In accordance with SEC Release 33-8212, this exhibit is being furnished, and is not being filed as part of this report or as a separate disclosure document, and is not being incorporated by reference into any Securities Act of 1933 registration statement.)</a> |
| 97.1*  | <a href="#">Policy relating to recovery of erroneously awarded compensation, as required by applicable listing standards adopted pursuant to 17 CFR 240.10D-1</a>                                                                                                                                                                                                                                            |
| 99.1   | <a href="#">Release and waiver, by and between, Ashford Hospitality Services, LLC and Jeremy Welter, dated April 15, 2022 April 15, 2022 (incorporated by reference to Exhibit 99.1 to the Current Report on Form 8-K filed on April 19, 2022) April 19, 2022)</a>                                                                                                                                           |

\* Filed herewith.

\*\* Furnished herewith

† Management contract or compensatory plan or arrangement.

The following materials from the Company's Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023** are formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Balance Sheets; (ii) Consolidated Statements of Operations; (iii) Consolidated Statements Comprehensive Income (Loss); (iv) Consolidated Statements of Equity; (v) Consolidated Statements of Cash Flows; and (vi) Notes to Consolidated Financial Statements. In accordance with Rule 402 of Regulation S-T, the XBRL related information in Exhibit 101 to this Annual Report on Form 10-K shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and shall not be part of any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

|         |                                                                                                                                                         |                                                   |
|---------|---------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|
| 101.INS | XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the XBRL document |                                                   |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document.                                                                                                         | <i>Submitted electronically with this report.</i> |
| 101.CAL | Inline XBRL Taxonomy Calculation Linkbase Document.                                                                                                     | <i>Submitted electronically with this report.</i> |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document.                                                                                            | <i>Submitted electronically with this report.</i> |
| 101.LAB | Inline XBRL Taxonomy Label Linkbase Document.                                                                                                           | <i>Submitted electronically with this report.</i> |
| 101.PRE | Inline XBRL Taxonomy Presentation Linkbase Document.                                                                                                    | <i>Submitted electronically with this report.</i> |
| 104     | Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)                                                                |                                                   |

#### Item 16. Form 10-K Summary

None.

#### SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on **March 10, 2023** **March 14, 2024**.

## BRAEMAR HOTELS &amp; RESORTS INC.

By: /s/ RICHARD J. STOCKTON

Richard J. Stockton

President and Chief Executive Officer

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, this report has been signed below on behalf of the Registrant in the capacities and on the dates indicated.

| <u>Signature</u>                                                     | <u>Title</u>                                                           | <u>Date</u>             |
|----------------------------------------------------------------------|------------------------------------------------------------------------|-------------------------|
| /s/ MONTY J. BENNETT<br>Monty J. Bennett                             | Chairman of the Board of Directors                                     | March 10, 2023 14, 2024 |
| /s/ RICHARD J. STOCKTON<br>Richard J. Stockton                       | President and Chief Executive Officer<br>(Principal Executive Officer) | March 10, 2023 14, 2024 |
| /s/ DERIC S. EUBANKS<br>Deric S. Eubanks                             | Chief Financial Officer<br>(Principal Financial Officer)               | March 10, 2023 14, 2024 |
| /s/ MARK L. NUNNELEY JUSTIN R. COE<br>Mark L. Nunneley Justin R. Coe | Chief Accounting Officer<br>(Principal Accounting Officer)             | March 10, 2023 14, 2024 |
| /s/ STEFANI D. CARTER<br>Stefani D. Carter                           | Director                                                               | March 10, 2023 14, 2024 |
| /s/ MATTHEW D. RINALDI<br>Matthew D. Rinaldi                         | Director                                                               | March 10, 2023 14, 2024 |
| /s/ REBECA ODINO-JOHNSON<br>Rebeca Odino-Johnson                     | Director                                                               | March 10, 2023 14, 2024 |
| /s/ KENNETH H. FEARN, JR.<br>Kenneth H. Fearn, Jr.                   | Director                                                               | March 10, 2023 14, 2024 |
| /s/ ABTEEN VAZIRI<br>Abteen Vaziri                                   | Director                                                               | March 10, 2023 14, 2024 |
| /s/ MARY CANDACE EVANS<br>Mary Candace Evans                         | Director                                                               | March 10, 2023 14, 2024 |

**SCHEDULE III**  
**BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES**  
**REAL ESTATE AND ACCUMULATED DEPRECIATION**  
**December 31, 2022 2023**  
**(in thousands)**

| Column A                     |                              |                  |              |                                     |                                  |                                          |                                  |           |                                  |            |                          |                   |                  |                  | Column A                     | Column B         |    |
|------------------------------|------------------------------|------------------|--------------|-------------------------------------|----------------------------------|------------------------------------------|----------------------------------|-----------|----------------------------------|------------|--------------------------|-------------------|------------------|------------------|------------------------------|------------------|----|
| Column A                     | Column A                     | Column B         | Column C     | Column D                            | Column E                         |                                          |                                  | Column F  | Column G                         | Column H   | Column I                 | Column A          | Column B         |                  |                              |                  |    |
| Initial Cost                 |                              |                  |              | Costs Capitalized Since Acquisition |                                  | Gross Carrying Amount At Close of Period |                                  |           |                                  |            |                          |                   |                  |                  |                              |                  |    |
| Initial Cost                 |                              |                  |              |                                     |                                  |                                          |                                  |           |                                  |            |                          |                   |                  |                  |                              |                  |    |
| Hotel Property               |                              |                  |              |                                     |                                  |                                          |                                  |           |                                  |            |                          |                   |                  |                  |                              |                  |    |
| Hotel Property               |                              |                  |              |                                     |                                  |                                          |                                  |           |                                  |            |                          |                   |                  |                  |                              |                  |    |
| Hotel Property               | Hotel Property               | Location         | Encumbrances | Land                                | FF&E, Buildings and improvements | Land                                     | FF&E, Buildings and improvements | Land      | FF&E, Buildings and improvements | Total      | Accumulated Depreciation | Construction Date | Acquisition Date | Income Statement | Location                     | Encumbrance      |    |
| Capital Hilton               | Capital Hilton               | Washington, D.C. | \$ 107,000   | \$ 45,721                           | \$ 106,245                       | \$ —                                     | \$ 40,495                        | \$ 45,721 | \$ 146,740                       | \$ 192,461 | \$ 67,028                | —                 | April 2007       | (1),(2),(3)      | Capital Hilton               | Washington, D.C. | \$ |
| Hilton La Jolla Torrey Pines | Hilton La Jolla Torrey Pines | La Jolla, CA     | 88,000       | —                                   | 114,614                          | —                                        | 7,031                            | —         | 121,645                          | 121,645    | 52,308                   | —                 | April 2007       | (1),(2),(3)      | Hilton La Jolla Torrey Pines | La Jolla, CA     |    |

|                           |                           |                |              |           |              |      |            |           |              |             |            |   |             |             |                                |                  |               |  |  |
|---------------------------|---------------------------|----------------|--------------|-----------|--------------|------|------------|-----------|--------------|-------------|------------|---|-------------|-------------|--------------------------------|------------------|---------------|--|--|
| Marriott                  | Marriott                  |                |              |           |              |      |            |           |              |             |            |   |             |             |                                | Marriott         |               |  |  |
| Seattle                   | Seattle                   |                |              |           |              |      |            |           |              |             |            |   |             |             |                                | Seattle          |               |  |  |
| Waterfront                | Waterfront                | Seattle, WA    | 134,700      | 31,888    | 112,176      | —    | 23,587     | 31,888    | 135,763      | 167,651     | 49,559     | — | April 2007  | (1),(2),(3) | Waterfront                     | Seattle, WA      |               |  |  |
| The Notary                | The Notary                | Philadelphia,  |              |           |              |      |            |           |              |             |            |   |             |             |                                | The Notary       | Philadelphia, |  |  |
| Hotel                     | Hotel                     | PA             | 84,600       | 9,814     | 94,029       | —    | 34,366     | 9,814     | 128,395      | 138,209     | 60,453     | — | April 2007  | (1),(2),(3) | Hotel                          | PA               |               |  |  |
|                           |                           | San            |              |           |              |      |            |           |              |             |            |   |             |             |                                |                  |               |  |  |
|                           |                           | Francisco,     |              |           |              |      |            |           |              |             |            |   |             |             |                                |                  |               |  |  |
| The Clancy                | The Clancy                | CA             | 116,300      | 22,653    | 72,731       | —    | 53,830     | 22,653    | 126,561      | 149,214     | 61,516     | — | April 2007  | (1),(2),(3) | The Clancy                     | CA               |               |  |  |
| Sofitel                   | Sofitel                   |                |              |           |              |      |            |           |              |             |            |   |             |             |                                |                  |               |  |  |
| Chicago                   | Chicago                   |                |              |           |              |      |            |           |              |             |            |   |             |             |                                |                  |               |  |  |
| Magnificent               | Magnificent               |                |              |           |              |      |            |           |              |             |            |   | February    |             |                                |                  |               |  |  |
| Mile                      | Mile                      | Chicago, IL    | 99,400       | 12,631    | 140,369      | —    | 4,269      | 12,631    | 144,638      | 157,269     | 36,919     | — | 2014        | (1),(2),(3) | Mile                           | Chicago, IL      |               |  |  |
| Pier House                | Pier House                |                |              |           |              |      |            |           |              |             |            |   |             |             |                                |                  |               |  |  |
| Resort &                  | Resort &                  | Key West,      |              |           |              |      |            |           |              |             |            |   |             |             |                                |                  |               |  |  |
| Spa                       | Spa                       | FL             | 80,000       | 59,731    | 33,011       | —    | 3,197      | 59,731    | 36,208       | 95,939      | 12,578     | — | March 2014  | (1),(2),(3) | Spa                            | Key West, FL     |               |  |  |
| Bardessono                | Bardessono                | Yountville,    |              |           |              |      |            |           |              |             |            |   |             |             |                                |                  |               |  |  |
| Hotel and                 | Hotel and                 | CA             | 40,000       | —         | 64,184       | —    | 1,895      | —         | 66,079       | 66,079      | 14,565     | — | July 2015   | (1),(2),(3) | Bardessono                     | Yountville, CA   |               |  |  |
| Spa                       | Spa                       |                |              |           |              |      |            |           |              |             |            |   |             |             |                                |                  |               |  |  |
| Hotel                     | Hotel                     | Yountville,    |              |           |              |      |            |           |              |             |            |   |             |             |                                |                  |               |  |  |
| Yountville                | Yountville                | CA             | 51,000       | 47,849    | 48,567       | —    | (4,577)    | 47,849    | 43,990       | 91,839      | 7,659      | — | May 2017    | (1),(2),(3) | Yountville                     | Yountville, CA   |               |  |  |
| Park Hyatt                | Park Hyatt                |                |              |           |              |      |            |           |              |             |            |   |             |             |                                |                  |               |  |  |
| Beaver                    | Beaver                    |                |              |           |              |      |            |           |              |             |            |   |             |             |                                |                  |               |  |  |
| Creek                     | Creek                     |                |              |           |              |      |            |           |              |             |            |   |             |             |                                |                  |               |  |  |
| Resort &                  | Resort &                  | Beaver         |              |           |              |      |            |           |              |             |            |   |             |             |                                |                  |               |  |  |
| Spa                       | Spa                       | Creek, CO      | 70,500       | 89,117    | 56,383       | —    | 11,206     | 89,117    | 67,589       | 156,706     | 16,876     | — | March 2017  | (1),(2),(3) | Spa                            | Beaver Creek, CO |               |  |  |
| The Ritz-                 | The Ritz-                 |                |              |           |              |      |            |           |              |             |            |   |             |             |                                |                  |               |  |  |
| Carlton                   | Carlton                   |                |              |           |              |      |            |           |              |             |            |   |             |             |                                |                  |               |  |  |
| Sarasota                  | Sarasota                  | Sarasota, FL   | 98,500       | 83,630    | 99,782       | —    | (5,755)    | 83,630    | 94,027       | 177,657     | 15,523     | — | April 2018  | (1),(2),(3) | Sarasota                       | Sarasota, FL     |               |  |  |
| The Ritz-                 | The Ritz-                 |                |              |           |              |      |            |           |              |             |            |   |             |             |                                |                  |               |  |  |
| Carlton St.               | Carlton St.               | St. Thomas,    |              |           |              |      |            |           |              |             |            |   | December    |             |                                |                  |               |  |  |
| Thomas                    | Thomas                    | USVI           | 42,500       | 25,533    | 38,467       | —    | 80,355     | 25,533    | 118,822      | 144,355     | 24,863     | — | 2015        | (1),(2),(3) | Thomas                         | USVI             |               |  |  |
| The Ritz-                 | The Ritz-                 |                |              |           |              |      |            |           |              |             |            |   |             |             |                                |                  |               |  |  |
| Carlton                   | Carlton                   |                |              |           |              |      |            |           |              |             |            |   | January     |             |                                |                  |               |  |  |
| Lake Tahoe                | Lake Tahoe                | Truckee, CA    | 54,000       | 26,731    | 91,603       | —    | 5,759      | 26,731    | 97,362       | 124,093     | 11,316     | — | 2019        | (1),(2),(3) | Lake Tahoe                     | Truckee, CA      |               |  |  |
|                           |                           | Beverly Hills, |              |           |              |      |            |           |              |             |            |   |             |             |                                |                  |               |  |  |
| Mr. C Beverly Hills Hotel | Mr. C Beverly Hills Hotel | CA             | 30,000       | 29,346    | 45,078       | —    | 820        | 29,346    | 45,898       | 75,244      | 3,424      | — | August 2021 | (1),(2),(3) |                                |                  |               |  |  |
| Cameo                     | Cameo                     |                |              |           |              |      |            |           |              |             |            |   |             |             |                                |                  |               |  |  |
| Beverly                   | Beverly                   |                |              |           |              |      |            |           |              |             |            |   |             |             |                                |                  |               |  |  |
| Hills                     | Hills                     |                |              |           |              |      |            |           |              |             |            |   |             |             |                                |                  |               |  |  |
| The Ritz-                 | The Ritz-                 |                |              |           |              |      |            |           |              |             |            |   |             |             |                                |                  |               |  |  |
| Carlton                   | Carlton                   |                |              |           |              |      |            |           |              |             |            |   |             |             |                                |                  |               |  |  |
| Reserve                   | Reserve                   |                |              |           |              |      |            |           |              |             |            |   |             |             |                                |                  |               |  |  |
| Dorado                    | Dorado                    | Dorado,        |              |           |              |      |            |           |              |             |            |   |             |             |                                |                  |               |  |  |
| Beach                     | Beach                     | Puerto Rico    | 54,000       | 79,711    | 117,510      | —    | 1,270      | 79,711    | 118,780      | 198,491     | 5,124      | — | March 2022  | (1),(2),(3) | Beach                          | Dorado, Rico     |               |  |  |
| Four                      | Four                      |                |              |           |              |      |            |           |              |             |            |   |             |             |                                |                  |               |  |  |
| Seasons                   | Seasons                   |                |              |           |              |      |            |           |              |             |            |   |             |             |                                |                  |               |  |  |
| Resort                    | Resort                    | Scottsdale,    |              |           |              |      |            |           |              |             |            |   | December    |             |                                |                  |               |  |  |
| Scottsdale                | Scottsdale                | AZ             | 100,000      | 70,248    | 197,610      | —    | 383        | 70,248    | 197,993      | 268,241     | 781        | — | 2022        | (1),(2),(3) | Four Seasons Resort Scottsdale | Scottsdale, AZ   |               |  |  |
| Total                     | Total                     |                | \$ 1,250,500 | \$634,603 | \$ 1,432,359 | \$ — | \$ 258,131 | \$634,603 | \$ 1,690,490 | \$2,325,093 | \$ 440,492 |   |             |             |                                |                  |               |  |  |

(1) Estimated useful life for buildings is 39 years.

(2) Estimated useful life for building improvements is 7.5 years.

(3) Estimated useful life for furniture and fixtures is 1.5 to 5 years.

(4) The cost of land and depreciable property, net of accumulated depreciation, for U.S. federal income tax purposes was approximately **\$1.9 billion** **\$1.8 billion** as of **December 31, 2022** **December 31, 2023**.

|                                |                                | Year Ended December 31, |             |             |
|--------------------------------|--------------------------------|-------------------------|-------------|-------------|
|                                |                                | 2022                    | 2021        | 2020        |
|                                |                                | Year Ended December 31, |             |             |
|                                |                                | 2023                    | 2022        | 2021        |
| Investment in real estate:     | Investment in real estate:     |                         |             |             |
| Beginning balance              | Beginning balance              |                         |             |             |
| Beginning balance              | Beginning balance              | \$1,845,078             | \$1,784,849 | \$1,791,174 |
| Additions                      | Additions                      | 516,754                 | 95,663      | 16,067      |
| Write-offs                     | Write-offs                     | (36,739)                | (32,677)    | (22,392)    |
| Sales/disposals                | Sales/disposals                | —                       | (2,757)     | —           |
| Sales/disposals                | Sales/disposals                |                         |             |             |
| Ending balance                 | Ending balance                 | \$2,325,093             | \$1,845,078 | \$1,784,849 |
| Accumulated depreciation:      | Accumulated depreciation:      |                         |             |             |
| Beginning balance              | Beginning balance              |                         |             |             |
| Beginning balance              | Beginning balance              | 399,481                 | 360,259     | 309,752     |
| Depreciation expense           | Depreciation expense           | 77,750                  | 73,054      | 72,899      |
| Write-offs                     | Write-offs                     | (36,739)                | (32,677)    | (22,392)    |
| Write-offs                     | Write-offs                     |                         |             |             |
| Sales/disposals                | Sales/disposals                | —                       | (1,155)     | —           |
| Ending balance                 | Ending balance                 | \$ 440,492              | \$ 399,481  | \$ 360,259  |
| Investment in real estate, net | Investment in real estate, net | \$1,884,601             | \$1,445,597 | \$1,424,590 |

170 166

## EXHIBIT 4.6

### DESCRIPTION OF SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

As of **December 31, 2022** **December 31, 2023**, Braemar Hotels & Resorts Inc. (“we,” “us,” “our” and the “Company”) has three classes of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”): (1) our Common Stock; (2) our Series B Preferred Stock; (3) our Series D Preferred Stock.

The following description of our capital stock is a summary and does not purport to be complete. It is subject to and qualified in its entirety by reference to our (i) Articles of Amendment and Restatement, (ii) Articles Supplementary for Series B Cumulative Preferred Stock, (iii) Articles Supplementary for Series D Preferred Stock, (iv) Articles Supplementary for Series E Redeemable Preferred Stock, and (v) Articles Supplementary for Series M Redeemable Preferred Stock (all of the foregoing collectively referred to as our “charter”), and **(v) Fourth (vi) Fifth** Amended and Restated Bylaws, as amended (the “bylaws”), each of which is incorporated by reference as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.5 is a part. We encourage you to read our charter, our bylaws and the applicable provisions of the Maryland General Corporation Law (“MGCL”) for additional information.

#### Description of Common Stock

##### Authorized Capital Shares

Our authorized capital shares consist of 250,000,000 shares of common stock, par value \$0.01 per share (“Common Stock”) and 80,000,000 shares of preferred stock, par value \$0.01 per share (“Preferred Stock”). All outstanding shares of our Common Stock are fully paid and nonassessable.

## Voting Rights

Subject to the provisions of our charter regarding the restrictions on transfer of stock, each outstanding share of our Common Stock entitles the holder to one vote on all matters submitted to a vote of stockholders, including the election of directors. Except as provided with respect to any other class or series of stock, the holders of our common stock possess exclusive voting power. There is no cumulative voting in the election of our board of directors. In an uncontested election, directors are elected by a majority of the votes cast by the holders of the outstanding shares of our common stock, meaning that a director is elected if the candidate received more votes "for" than the votes "against," without consideration of abstentions, votes withheld and broker non-votes. In a contested election (where there are more candidates for election than seats to be filled), directors are elected by a plurality of the votes cast.

## Dividend Rights

Subject to the preferential rights of any other class or series of stock and to the provisions of the charter regarding the restrictions on transfer of stock, holders of shares of our Common Stock are entitled to receive dividends on such stock when, as and if authorized by our board of directors out of funds legally available therefor.

## Liquidation Rights

Subject to the preferential rights of any other class or series of stock, holders of shares of our Common Stock are entitled to share ratably in the assets of our Company legally available for distribution to our stockholders in the event of our liquidation, dissolution or winding up after payment of or adequate provision for all known debts and liabilities of our Company, including the preferential rights on dissolution of any class or classes of Preferred Stock.

## Other Rights and Preferences

Holders of shares of our Common Stock have no preference, conversion, exchange, sinking fund, or redemption and have no preemptive rights to subscribe for any securities of our Company, and generally have no appraisal rights so long as our Common Stock is listed on a national securities exchange and except in very limited circumstances involving a merger where our stock is converted into any consideration other than stock of the successor in the merger and in which our directors, officers, and 5% or greater stockholders receive different consideration than stockholders generally. Subject to the provisions of the charter regarding the restrictions on transfer of stock, shares of our Common Stock will have equal dividend, liquidation and other rights.

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Under the MGCL, a Maryland corporation generally cannot dissolve, amend its charter, merge, consolidate, transfer all or substantially all of its assets, engage in a statutory share exchange or engage in similar transactions outside the ordinary course of business unless declared advisable by the board of directors and approved by the affirmative vote of stockholders holding at least two-thirds of the shares entitled to vote on the matter unless a lesser percentage (but not less than a majority of all of the votes entitled to be cast on the matter) is set forth in the corporation's charter. Our charter provides for the affirmative vote of stockholders holding at least a majority of the shares entitled to be cast to approve each of these matters, except that two-thirds of all votes are required to amend the provisions of our charter regarding restrictions on the transfer and ownership of our stock. Because operating assets may be held by a corporation's subsidiaries, as in our situation, a subsidiary of a corporation may be able to merge or transfer all of its assets without a vote of our stockholders.

Our charter authorizes our board of directors to reclassify any unissued shares of our Common Stock into other classes or series of classes of stock and to establish the number of shares in each class or series and to set the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption for each such class or series.

Subject to the provisions of the charter regarding the restrictions on transfer of stock, we are not aware of any limitations on the rights to own our Common Stock, including rights of non-resident or foreign stockholders to hold or exercise voting rights on our Common Stock, imposed by foreign law or by our charter or bylaws.

## Listing

The Common Stock is traded on the New York Stock Exchange (the "NYSE") under the trading symbol "BHR."

### Description of the Series B Preferred Stock

#### Authorized Capital Shares

Our board of directors has classified and designated 7,100,000 shares of 5.50% Series B Cumulative Convertible Preferred Stock, par value \$0.01 per share ("Series B Preferred Stock"). All outstanding shares of our Series B Preferred Stock are fully paid and nonassessable.

#### Ranking

The Series B Preferred Stock will, with respect to dividend rights and rights upon liquidation, dissolution or winding up of our affairs rank:

- senior in right of payment to our common stock and to each other class or series of our common or preferred equity established after the original issue date of the Series B Preferred Stock that is not expressly made senior to or pari passu in right of payment with the Series B Preferred Stock as to the payment of dividends;
- pari passu in right of payment with any class or series of preferred equity established after the original issue date of the Series B Preferred Stock that is not expressly made senior or subordinated in right of payment to the Series B Preferred Stock as to the payment of dividends, including the Series D Preferred Stock;
- junior in right of payment to all of our existing and future indebtedness (including indebtedness outstanding under our secured revolving credit facility) and other liabilities with respect to assets available to satisfy claims against us;

- junior in right of payment to each other class or series of preferred equity established after the original issue date of the Series B Preferred Stock that is expressly made senior to the Series B Preferred Stock as to the payment of dividends.

The term “equity securities” does not include convertible debt securities.

Our Series B Preferred Stock and Series D Preferred Stock rank on a parity with each other.

#### Voting Rights

Holders of Series B Preferred Stock generally have no voting rights, except that whenever dividends on any shares of Series B Preferred Stock are in arrears for six or more quarterly dividend periods, whether or not consecutive, our board of directors will be expanded by two seats and the holders of Series B Preferred Stock, voting together as a single class with the holders of all other series of preferred stock that has been granted similar voting rights and is considered parity stock with the Series B Preferred Stock, will be entitled to elect these two directors. In addition, the issuance of senior shares or certain changes to the terms of the Series B Preferred Stock that would be materially adverse to the rights of holders of Series B Preferred Stock cannot be made without the affirmative vote of holders of at least two-thirds of the outstanding Series B Preferred Stock and shares of any class or series of shares ranking on a parity with the Series B Preferred Stock which are entitled to similar voting rights, if any, voting as a single class.

#### Dividend Rights

The Series B Preferred Stock accrues is subject to a cumulative cash dividend at an annual rate of 5.50% on the \$25.00 per share liquidation preference. Whenever dividends on any shares of Series B Preferred Stock are in arrears for six or more quarterly dividend periods, whether or not consecutive, the dividend rate will increase to 7.50% per annum until all accumulated, accrued but unpaid dividends on the Series B Preferred Stock have been paid in full, at which time the dividend rate will revert to 5.50% per annum.

#### Liquidation Rights

Upon any voluntary or involuntary liquidation, dissolution or winding up of our Company, the holders of Series B Preferred Stock will be entitled to receive a liquidation preference of \$25.00 per share, plus an amount equal to all accumulated, accrued and unpaid dividends (whether or not earned or declared) to the date of liquidation, dissolution or winding up of the affairs of our Company, before any payment or distribution will be made to or set apart for the holders of any junior stock.

#### Redemption Provisions

*Optional Redemption.* On and after June 11, 2020, we may redeem the Series B Preferred Stock, in whole or from time to time in part, at a cash redemption price equal to 100% of the \$25.00 per share liquidation preference plus all accrued and unpaid dividends to the date fixed for redemption.

*Special Optional Redemption.* Upon the occurrence of a Change of Control (as defined below), we may, at our option, redeem the Series B Preferred Stock, in whole or in part, by paying \$25.00 per share, plus any accrued and unpaid dividends to, but not including, the date of redemption. If, prior to the Change of Control conversion date, we exercise any of our redemption rights relating to the Series B Preferred Stock (whether our optional redemption right or our special optional redemption right), the holders of Series B Preferred Stock will not have the conversion right described below.

A “Change of Control” is when, after the original issuance of the Series B Preferred Stock, the following have occurred and are continuing:

- the acquisition by any person, including any syndicate or group deemed to be a “person” under Section 13(d)(3) of the Exchange Act, of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of purchases, mergers or other acquisition transactions of shares of our Company entitling that person to exercise more than 50% of the total voting power of all shares of our Company entitled to vote generally in elections of directors (except that such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition); and
- following the closing of any transaction referred to in the bullet point above, neither we nor the acquiring or surviving entity has a class of common securities (or American Depositary Receipts (“ADRs”) representing such securities) listed on the NYSE, the NYSE American LLC (the “NYSE American”) or the NASDAQ Stock Market (“NASDAQ”), or listed or quoted on an exchange or quotation system that is a successor thereto.

*REIT Termination and Listing Event Redemption.* At any time (i) a REIT Termination Event (as defined below) occurs or (ii) the Common Stock fails to be listed on the NYSE, NYSE American, or NASDAQ, or listed or quoted on an exchange or quotation system that is a successor thereto, the holder of Series B Cumulative Preferred Stock shall have the right to require the Company to redeem any or all shares of Series B Cumulative Preferred Stock at 103% of the liquidation preference in cash.

A “REIT Termination Event” shall mean the earliest to occur of: (i) the filing of a federal income tax return by our Company for any taxable year on which we do not compute our income as a REIT; (ii) the approval by the stockholders of our Company of a proposal for us to cease to qualify as a REIT; (iii) the approval by our board of directors of a proposal for us to cease to qualify as a REIT; (iv) a determination by our board of directors, based on the advice of counsel, that we have ceased to qualify as a REIT; or (v) a “determination” within the meaning of Section 1313(a) of the Code that our Company has ceased to qualify as a REIT.

The Series B Preferred Stock has no stated maturity and is not subject to any sinking fund or mandatory redemption provisions.

#### Conversion Rights

*General Conversion Right.* Each outstanding share of Series B Preferred Stock will be convertible at any time at the option of the holder into that number of whole shares of our Common Stock at the current conversion price of \$18.70, subject to adjustment.

*Change of Control Conversion Right.* Upon the occurrence of a Change of Control, each holder of Series B Preferred Stock will have the right (unless, prior to the change of control conversion date, we have provided or provide notice of our election to redeem the Series B Preferred Stock) to convert some or all of the Series B Preferred Stock held by such holder on the change of control conversion date into a number of shares of our Common Stock per share of Series B Preferred Stock to be converted equal to the lesser of:



- the quotient obtained by dividing (i) the sum of the \$25.00 liquidation preference plus the amount of any accrued and unpaid dividends to, but not including, the Change of Control conversion date (unless the Change of Control conversion date is after a dividend record date for the Series B Preferred Stock and prior to the corresponding Series B Preferred Stock dividend payment date, in which case no additional amount for such accrued and unpaid dividend will be included in this sum) by (ii) the Common Stock Price (as defined below); and
- 3.2567 (the "Share Cap"), subject to certain adjustments;

subject, in each case, to provisions for the receipt of alternative consideration. The "Common Stock Price" will be (i) the amount of cash consideration per share of Common Stock, if the consideration to be received in the Change of Control by the holders of our Common Stock is solely cash; or (ii) the average of the closing prices for our Common Stock on the NYSE for the ten consecutive trading days immediately preceding, but not including, the effective date of the Change of Control, if the consideration to be received in the Change of Control by the holders of our Common Stock is other than solely cash.

If, prior to the Change of Control conversion date, we have provided or provide a redemption notice, whether pursuant to our special optional redemption right in connection with a Change of Control or our optional redemption right, holders of Series B Preferred Stock will not have any right to convert the Series B Preferred Stock in connection with the Change of Control conversion right and any shares of Series B Preferred Stock selected for redemption that have been tendered for conversion will be redeemed on the related date of redemption instead of converted on the Change of Control conversion date.

**Mandatory Conversion.** At any time, if the Common Stock equals or exceeds 110% of the applicable conversion price for 45 consecutive trading days, we have the option to mandatorily convert all or part of the Series B Preferred Stock into Common Stock at the then applicable conversion ratio.

#### Other Rights and Preferences

Holders of shares of our Series B Preferred Stock have no preemptive rights to subscribe for any securities of our Company.

During any period that we are not subject to the reporting requirements of the Exchange Act, and any Series B Preferred Stock is outstanding, holders of the Series B Preferred Stock will become entitled to certain information rights related thereto.

Subject to the provisions of the charter regarding the restrictions on transfer of stock, we are not aware of any limitations on the rights to own our Series B Preferred Stock, including rights of non-resident or foreign stockholders to hold or exercise voting rights on our Series B Preferred Stock, imposed by foreign law or by our charter or bylaws.

#### Listing

The Series B Preferred Stock is traded on the NYSE under the trading symbol "BHR-PB."

#### Description of the Series D Preferred Stock

##### Authorized Capital Shares

Our board of directors has classified and designated 1,840,000 shares of 8.25% Series D Cumulative Preferred Stock, par value \$0.01 per share ("Series D Preferred Stock"). All outstanding shares of our Series D Preferred Stock are fully paid and nonassessable.

##### Ranking

The Series D Preferred Stock will, with respect to dividend rights and rights upon liquidation, dissolution or winding up of our affairs rank:

- senior to any class or series of our common stock and any other class or series of equity securities, if the holders of Series D Preferred Stock are entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up in preference or priority to the holders of shares of such class or series;
- on parity with the Series B Preferred Stock, and any other class or series of our equity securities issued in the future if, pursuant to the specific terms of such class or series of equity securities, the holders of such class or series of equity securities and the Series D Preferred Stock are entitled to the receipt of dividends and of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective amounts of accrued and unpaid dividends per share or liquidation preferences, without preference or priority one over the other;
- junior to any class or series of our equity securities if, pursuant to the specific terms of such class or series, the holders of such class or series are entitled to the receipt of dividends or amounts distributable upon liquidation, dissolution or winding up in preference or priority to the holders of the Series D Preferred Stock; and
- junior to all of our existing and future indebtedness.

The term "equity securities" does not include convertible debt securities.

##### Voting Rights

Holders of Series D Preferred Stock generally have no voting rights, except that if six or more quarterly dividend payments have not been made, our board of directors will be expanded by two seats and the holders of Series D Preferred Stock, voting together as a single class with the holders of all other series of Preferred Stock that has been granted similar voting rights and is considered parity stock with the Series D Preferred Stock, will be entitled to elect these two directors. In addition, the issuance of senior shares or certain changes to the terms of the Series D Preferred Stock that would be materially adverse to the rights of holders of Series D Preferred Stock cannot be made without the affirmative vote of holders of at least 66 2/3% of the outstanding Series D Preferred Stock and shares of any class or series of shares ranking on a parity with the Series D Preferred Stock which are entitled to similar voting rights, if any, voting as a single class.

##### Dividend Rights

The Series D Preferred Stock **accrues** **is subject to** a cumulative cash dividend at an annual rate of 8.25% on the \$25.00 per share liquidation preference.

##### Liquidation Rights

Upon any voluntary or involuntary liquidation, dissolution or winding up of our Company, the holders of Series D Preferred Stock will be entitled to receive a liquidation preference of \$25.00 per share, plus an amount equal to all accumulated, accrued and unpaid dividends (whether or not earned or declared) to the date of liquidation, dissolution or winding up of the affairs of our Company, before any payment or distribution will be made to or set apart for the holders of any junior stock.

#### Redemption Provisions

*Optional Redemption.* On and after November 20, 2023, we may redeem the Series D Preferred Stock, in whole or from time to time in part, at a cash redemption price equal to 100% of the \$25.00 per share liquidation preference plus all accrued and unpaid dividends to the date fixed for redemption.

*Special Optional Redemption.* Upon the occurrence of a Change of Control (as defined below), we may, at our option, redeem the Series D Preferred Stock, in whole or in part, by paying \$25.00 per share, plus any accrued and unpaid dividends to, but not including, the date of redemption. If, prior to the Change of Control conversion date, we exercise any of our redemption rights relating to the Series D Preferred Stock (whether our optional redemption right or our special optional redemption right), the holders of Series D Preferred Stock will not have the conversion right described below.

A "Change of Control" is when, after the original issuance of the Series D Preferred Stock, the following have occurred and are continuing:

- the acquisition by any person, including any syndicate or group deemed to be a "person" under Section 13(d)(3) of the Exchange Act, of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of purchases, mergers or other acquisition transactions of shares of our Company entitling that person to exercise more than 50% of the total voting power of all shares of our Company entitled to vote generally in elections of directors (except that such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition); and
- following the closing of any transaction referred to in the bullet point above, neither we nor the acquiring or surviving entity has a class of common securities (or ADRs representing such securities) listed on the NYSE, the NYSE American or NASDAQ, or listed or quoted on an exchange or quotation system that is a successor thereto.

The Series D Preferred Stock has no stated maturity and is not subject to any sinking fund or mandatory redemption provisions.

#### Conversion Rights

Upon the occurrence of a Change of Control, each holder of Series D Preferred Stock will have the right (unless, prior to the Change of Control conversion date, we have provided or provide notice of our election to redeem the Series D Preferred Stock) to convert some or all of the Series D Preferred Stock held by such holder on the change of control conversion date into a number of shares of our Common Stock per share of Series D Preferred Stock to be converted equal to the lesser of:

- the quotient obtained by dividing (i) the sum of the \$25.00 liquidation preference plus the amount of any accrued and unpaid dividends to, but not including, the change of control conversion date (unless the Change of Control conversion date is after a dividend record date for the Series D Preferred Stock and prior to the corresponding Series D Preferred Stock dividend payment date, in which case no additional amount for such accrued and unpaid dividend will be included in this sum) by (ii) the Common Stock Price (as defined below); and
- 5.12295 (the "Share Cap"), subject to certain adjustments;

subject, in each case, to provisions for the receipt of alternative consideration. The "Common Stock Price" will be (i) the amount of cash consideration per share of Common Stock, if the consideration to be received in the Change of Control by the holders of our Common Stock is solely cash; or (ii) the average of the closing prices for our Common Stock on the NYSE for the ten consecutive trading days immediately preceding, but not including, the effective date of the Change of Control, if the consideration to be received in the Change of Control by the holders of our Common Stock is other than solely cash.

If, prior to the Change of Control conversion date, we have provided or provide a redemption notice, whether pursuant to our special optional redemption right in connection with a Change of Control or our optional redemption right, holders of Series D Preferred Stock will not have any right to convert the Series D Preferred Stock in connection with the Change of Control conversion right and any shares of Series D Preferred Stock selected for redemption that have been tendered for conversion will be redeemed on the related date of redemption instead of converted on the Change of Control conversion date.

Except as provided above in connection with a Change of Control, the Series D Preferred Stock is not convertible into or exchangeable for any other securities or property.

#### Other Rights and Preferences

Holders of shares of our Series D Preferred Stock have no preemptive rights to subscribe for any securities of our Company.

During any period that we are not subject to the reporting requirements of the Exchange Act, and any Series D Preferred Stock is outstanding, holders of the Series D Preferred Stock will become entitled to certain information rights related thereto.

Subject to the provisions of the charter regarding the restrictions on transfer of stock, we are not aware of any limitations on the rights to own our Series D Preferred Stock, including rights of non-resident or foreign stockholders to hold or exercise voting rights on our Series D Preferred Stock, imposed by foreign law or by our charter or bylaws.

#### Listing

The Series D Preferred Stock is traded on the NYSE under the trading symbol "BHR-PD."

#### Description of the Series E and Series M Redeemable Preferred Stock

Our board of directors has classified and designated 28,000,000 shares of our capital stock as Series E Redeemable Preferred Stock and classified and designated 28,000,000 shares of our capital stock as Series M Redeemable Preferred Stock. The shares of Series E Redeemable Preferred Stock and Series M Redeemable Preferred Stock rank on a parity with our other classes of Preferred Stock listed on the NYSE, but are redeemable at the option of the holders or the Company in certain circumstances. The Series E

Redeemable Preferred Stock and Series M Redeemable Preferred Stock are not listed on the NYSE. A further description of the terms of these classes of Redeemable Preferred Stock is contained in our Registration Statement on Form S-3 (File No. 333-234663) available at [www.sec.gov](http://www.sec.gov).

### Restrictions on Ownership and Transfer

In order for us to qualify as a real estate investment trust ("REIT") under Internal Revenue Code of 1986, as amended (the "Code"), not more than 50% of the value of the outstanding shares of our stock may be owned, actually or constructively, by five or fewer individuals (as defined in the Code to include certain entities) during the last half of a taxable year (other than the first year for which an election to be a REIT has been made by us). In addition, if we, or one or more owners (actually or constructively) of 10% or more of us, actually or constructively owns 10% or more of a tenant of ours (or a tenant of any partnership in which we are a partner), the rent received by us (either directly or through any such partnership) from such tenant will not be qualifying income for purposes of the REIT gross income tests of the Code. Our stock must also be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months or during a proportionate part of a shorter taxable year (other than the first year for which an election to be a REIT has been made by us).

Our charter contains restrictions on the ownership and transfer of our capital stock that are intended to assist us in complying with these requirements and continuing to qualify as a REIT. The relevant sections of our charter provide that, subject to the exceptions described below, no person or persons acting as a group may own, or be deemed to own by virtue of the attribution provisions of the Code, more than (i) 9.8% of the lesser of the number or value of shares of our Common Stock outstanding or (ii) 9.8% of the lesser of the number or value of the issued and outstanding preferred or other shares of any class or series of our stock. We refer to this restriction as the "ownership limit."

The ownership attribution rules under the Code are complex and may cause stock owned actually or constructively by a group of related individuals and/or entities to be owned constructively by one individual or entity. As a result, the acquisition of less than 9.8% of our Common Stock (or the acquisition of an interest in an entity that owns, actually or constructively, our Common Stock) by an individual or entity, could, nevertheless cause that individual or entity, or another individual or entity, to own constructively in excess of 9.8% of our outstanding Common Stock and thereby subject the Common Stock to the ownership limit.

Our board of directors may, in its sole discretion, waive the ownership limit with respect to one or more stockholders who would not be treated as "individuals" for purposes of the Code if it determines that such ownership will not cause any "individual's" beneficial ownership of shares of our capital stock to jeopardize our status as a REIT (for example, by causing any tenant of ours to be considered a "related party tenant" for purposes of the REIT qualification rules).

As a condition of our waiver, our board of directors may require an opinion of counsel or Internal Revenue Service ruling satisfactory to our board of directors, and/or representations or undertakings from the applicant with respect to preserving our REIT status.

In connection with the waiver of the ownership limit or at any other time, our board of directors may decrease the ownership limit for all other persons and entities; provided, however, that the decreased ownership limit will not be effective for any person or entity whose percentage ownership in our capital stock is in excess of such decreased ownership limit until such time as such person or entity's percentage of our capital stock equals or falls below the decreased ownership limit, but any further acquisition of our capital stock in excess of such percentage ownership of our capital stock will be in violation of the ownership limit. Additionally, the new ownership limit may not allow five or fewer "individuals" (as defined for purposes of the REIT ownership restrictions under the Code) to beneficially own more than 49.0% of the value of our outstanding capital stock.

Our charter provisions further prohibit:

- any person from actually or constructively owning shares of our capital stock that would result in us being "closely held" under Section 856(h) of the Code or otherwise cause us to fail to qualify as a REIT;
- any person from transferring shares of our capital stock if such transfer would result in shares of our stock being beneficially owned by fewer than 100 persons (determined without reference to any rules of attribution);
- any person from beneficially or constructively owning our stock to the extent such beneficial or constructive ownership would cause us to constructively own ten percent or more of the ownership interests in a tenant (other than a TRS) of our real property within the meaning of Section 856(d)(2)(B) of the Code; or
- any person from beneficially or constructively owning or transferring our stock if such ownership or transfer would otherwise cause us to fail to qualify as a REIT under the Code, including, but not limited to, as a result of any hotel management companies failing to qualify as "eligible independent contractors" under the REIT rules.

Any person who acquires or attempts or intends to acquire beneficial or constructive ownership of shares of our Common Stock that will or may violate any of the foregoing restrictions on transferability and ownership will be required to give notice immediately to us and provide us with such other information as we may request in order to determine the effect of such transfer on our status as a REIT. The foregoing provisions on transferability and ownership will not apply if our board of directors determines that it is no longer in our best interests to qualify, or to continue to qualify, as a REIT.

Pursuant to our charter, if any purported transfer of our capital stock or any other event would otherwise result in any person violating the ownership limits or the other restrictions in our charter, then any such purported transfer will be void and of no force or effect with respect to the purported transferee or owner (collectively referred to hereinafter as the "purported owner") as to that number of shares in excess of the ownership limit (rounded up to the nearest whole share). The number of shares in excess of the ownership limit will be automatically transferred to, and held by, a trust for the exclusive benefit of one or more charitable organizations selected by us. The trustee of the trust will be designated by us and must be unaffiliated with us and with any purported owner. The automatic transfer will be effective as of the close of business on the business day prior to the date of the violative transfer or other event that results in a transfer to the trust. Any dividend or other distribution paid to the purported owner, prior to our discovery that the shares had been automatically transferred to a trust as described above, must be repaid to the trustee upon demand for distribution to the beneficiary of the trust and all dividends and other distributions paid by us with respect to such "excess" shares prior to the sale by the trustee of such shares shall be paid to the trustee for the beneficiary. If the transfer to the trust as described above is not automatically effective, for any reason, to prevent violation of the applicable ownership limit, then our charter provides that the transfer of the excess shares will be void. Subject to Maryland law, effective as of the date that such excess shares have been transferred to the trust, the trustee shall have the authority (at the trustee's sole discretion and subject to applicable law) (i) to rescind as void any vote cast by a purported owner prior to our discovery that such shares have been transferred to the trust and (ii) to recast such vote in accordance with the desires of the trustee acting for the benefit of the beneficiary of the trust, provided that if we have already taken irreversible action, then the trustee shall not have the authority to rescind and recast such vote.

Shares of our capital stock transferred to the trustee are deemed offered for sale to us, or our designee, at a price per share equal to the lesser of (i) the price paid by the purported owner for the shares (or, if the event which resulted in the transfer to the trust did not involve a purchase of such shares of our capital stock at market price, the market price on the day of the event which resulted in the transfer of such shares of our capital stock to the trust) and (ii) the market price on the date we, or our designee, accepts such offer. We have the right to accept such offer until the trustee has sold the shares of our capital stock held in the trust pursuant to the clauses discussed below. Upon a sale to us, the interest of the charitable beneficiary in the shares sold terminates and the trustee must distribute the net proceeds of the sale to the purported owner and any dividends or other distributions held by the trustee with respect to such capital stock will be paid to the charitable beneficiary.

If we do not buy the shares, the trustee must, within 20 days of receiving notice from us of the transfer of shares to the trust, sell the shares to a person or entity designated by the trustee who could own the shares without violating the ownership limits. After that, the trustee must distribute to the purported owner an amount equal to the lesser of (i) the net price paid by the purported owner for the shares (or, if the event which resulted in the transfer to the trust did not involve a purchase of such shares at market price, the market price on the day of the event which resulted in the transfer of such shares of our capital stock to the trust) and (ii) the net sales proceeds received by the trust for the shares. Any proceeds in excess of the amount distributable to the purported owner will be distributed to the beneficiary.

Our charter also provides that "Benefit Plan Investors" (as defined in our charter) may not hold, individually or in the aggregate, 25% or more of the value of any class or series of shares of our capital stock to the extent such class or series does not constitute "Publicly Offered Securities" (as defined in our charter).

All persons who own, directly or by virtue of the attribution provisions of the Code, more than 5% (or such other percentage as provided in the regulations promulgated under the Code) of the lesser of the number or value of the shares of our outstanding capital stock must give written notice to us within 30 days after the end of each calendar year. In addition, each stockholder will, upon demand, be required to disclose to us in writing such information with respect to the direct, indirect and constructive ownership of shares of our stock as our board of directors deems reasonably necessary to comply with the provisions of the Code applicable to a REIT, to comply with the requirements or any taxing authority or governmental agency or to determine any such compliance.

All certificates representing shares of our capital stock bear a legend referring to the restrictions described above.

### **Certain Provisions of Maryland Law and Our Charter and Bylaws**

#### **The Board of Directors**

Our bylaws provide that the number of directors of our company may be established by our board of directors but may not be fewer than the minimum number permitted under the MGCL and not more than 15. Our charter provides that a director may be removed only for cause and only upon the affirmative vote of a majority of the votes entitled to be cast in the election of directors. Under our charter, cause means, with respect to any particular director, conviction of a felony or a final judgment of court of competent jurisdiction holding that such director caused demonstrable, material harm to us through bad faith or active deliberate dishonesty.

Pursuant to our charter, members of our board of directors serve one year terms and until their successors are elected and qualified. Holders of shares of our Common Stock have no right to cumulative voting in the election of directors. Consequently, at each annual meeting of stockholders at which our board of directors is elected, all of the members of our board of directors will be elected if the votes cast for such directors exceed the votes cast against such directors (with abstentions and broker non-votes not counted as votes for or against a nominee's election), provided that a plurality voting standard will be applicable in the case of a contested election. Pursuant to our charter, for so long as Ashford Hospitality Advisors LLC serves as our external advisor, we are required to include two persons designated by Ashford Hospitality Advisors LLC as candidates for election as director at any stockholder meeting at which directors are elected.

#### **Business Combinations**

Maryland law prohibits "business combinations" between a corporation and an interested stockholder or an affiliate of an interested stockholder for five years after the most recent date on which the interested stockholder becomes an interested stockholder. These business combinations include a merger, consolidation, statutory share exchange, or, in circumstances specified in the statute, certain transfers of assets, certain stock issuances and transfers, liquidation plans and reclassifications involving interested stockholders and their affiliates as asset transfer or issuance or reclassification of equity securities. Maryland law defines an interested stockholder as:

- any person who beneficially owns 10% or more of the voting power of our voting stock; or
- an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then-outstanding voting stock of the corporation.

A person is not an interested stockholder if the board of directors approves in advance the transaction by which the person otherwise would have become an interested stockholder. However, in approving the transaction, the board of directors may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by the board of directors.

After the five year prohibition, any business combination between a corporation and an interested stockholder generally must be recommended by the board of directors and approved by the affirmative vote of at least:

- 80% of the votes entitled to be cast by holders of the then outstanding shares of Common Stock; and
- two-thirds of the votes entitled to be cast by holders of the Common Stock other than shares held by the interested stockholder with whom or with whose affiliate the business combination is to be effected or shares held by an affiliate or associate of the interested stockholder.

These super-majority vote requirements do not apply if certain fair price requirements set forth in the MGCL are satisfied.

The statute permits various exemptions from its provisions, including business combinations that are approved by the board of directors before the time that the interested stockholder becomes an interested stockholder.

Our charter includes a provision excluding the corporation from these provisions of the MGCL and, consequently, the five-year prohibition and the super-majority vote requirements will not apply to business combinations between us and any interested stockholder of ours unless we later amend our charter, with stockholder approval, to modify or eliminate this provision.

#### **Control Share Acquisitions**

The MGCL provides that "control shares" of a Maryland corporation acquired in a "control share acquisition" have no voting rights except to the extent approved at a special meeting by the affirmative vote of two-thirds of the votes entitled to be cast on the matter, excluding shares of stock in a corporation in respect of which any of the following persons is entitled to exercise or direct the exercise of the voting power of shares of stock of the corporation in the election of directors: (i) a person who makes or proposes to make a control share acquisition, (ii) an officer of the corporation or (iii) an employee of the corporation who is also a director of the corporation. "Control shares" are voting shares of stock which, if aggregated with all other such shares of stock previously acquired by the acquiror or in respect of which the acquiror is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquiror to exercise voting power in electing directors within one of the following ranges of voting power: (i) one-tenth or more but less than one-third, (ii) one-third or more but less than a majority, or (iii) a majority or more of all voting power. Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A "control share acquisition" means the acquisition, directly or indirectly, by any person of ownership, or the power to direct the exercise of voting power with respect to, issued and outstanding control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition, upon satisfaction of certain conditions (including an undertaking to pay expenses), may compel our board of directors to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the shares. If no request for a meeting is made, the corporation may itself present the question at any stockholders meeting.

If voting rights are not approved at the meeting or if the acquiring person does not deliver an acquiring person statement as required by the statute, then, subject to certain conditions and limitations, the corporation may redeem any or all of the control shares (except those for which voting rights have previously been approved) for fair value determined, without regard to the absence of voting rights for the control shares, as of the date of the last control share acquisition by the acquiror or of any meeting of stockholders at which the voting rights of such shares are considered and not approved. If voting rights for control shares are approved at a stockholders meeting and the acquiror becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of such appraisal rights may not be less than the highest price per share paid by the acquiror in the control share acquisition.

The control share acquisition statute does not apply to (i) shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction or (ii) acquisitions approved or exempted by the charter or bylaws of the corporation at any time prior to the acquisition of the shares.

Our charter contains a provision exempting from the control share acquisition statute any and all acquisitions by any person of our Common Stock and, consequently, the applicability of the control share acquisitions unless we later amend our charter, with stockholder approval, to modify or eliminate this provision.

#### **MGCL Title 3, Subtitle 8**

Subtitle 8 of Title 3 of the MGCL permits a Maryland corporation with a class of equity securities registered under the Exchange Act and at least three independent directors to elect to be subject, notwithstanding any contrary provision in the charter or bylaws, to any or all of the following five provisions: a classified board; a two-thirds stockholder vote requirement for removal of a director; a requirement that the number of directors be fixed only by vote of the directors; a requirement that a vacancy on the board of directors be filled only by the remaining directors and for the remainder of the full term of the class of directors in which the vacancy occurred; and a requirement that the holders of at least a majority of all votes entitled to be cast request a special meeting of stockholders. Through provisions in our charter and bylaws unrelated to Subtitle 8, we already require that the number of directors be fixed only by our board of directors and require, unless called by the Chairman of our board of directors, our president or chief executive officer or a majority of our board of directors, the written request of stockholders entitled to cast not less than a majority of all votes entitled to be cast at such meeting to call a special meeting. Our board of directors has adopted a resolution that makes an election prohibiting us from making any of the elections permitted by Subtitle 8 unless such election is first approved by a stockholder vote.

#### **Amendment to Our Charter and Bylaws**

Our charter may be amended only if declared advisable by the board of directors and approved by the affirmative vote of the holders of at least a majority of all of the votes entitled to be cast on the matter, except that two-thirds of all votes are required to amend the provisions of our charter regarding restrictions on the transfer and ownership of our stock. As permitted by the MGCL, our charter contains a provision permitting our directors, without any action by our stockholders, to amend the charter to increase or decrease the aggregate number of shares of stock of any class or series that we have authority to issue. Our charter provides that our board of directors has the exclusive power to adopt, alter or repeal any provision of our bylaws and make new bylaws.

#### **Dissolution of Our Company**

The dissolution of our Company must be declared advisable by the board of directors and approved by the affirmative vote of the holders of not less than a majority of all of the votes entitled to be cast on the matter.

#### **Special Meetings of Stockholders**

Special meetings of stockholders may be called only by our board of directors, the chairman of our board of directors, our chief executive officer or, in the case of a stockholder requested special meeting, by our secretary upon the written request of the

holders of common stock entitled to cast not less than a majority of all votes entitled to be cast at such meeting. Only matters set forth in the notice of the special meeting may be considered and acted upon at such a meeting.

#### **Advance Notice of Director Nominations and New Business**

Our bylaws provide that:

- with respect to an annual meeting of stockholders, the only business to be considered and the only proposals to be acted upon will be those properly brought before the annual meeting:
  - pursuant to our notice of the meeting;
  - by, or at the direction of, a majority of our board of directors; or
  - by a stockholder who is entitled to vote at the meeting and has complied with the advance notice procedures set forth in our bylaws;

- with respect to special meetings of stockholders, only the business specified in our Company's notice of meeting may be brought before the meeting of stockholders unless otherwise provided by law; and
- nominations of persons for election to our board of directors at any annual or special meeting of stockholders may be made only:
  - by, or at the direction of, our board of directors; or
  - by a stockholder who is entitled to vote at the meeting and has complied with the advance notice provisions set forth in our bylaws.

Generally, in accordance with our bylaws, a stockholder seeking to nominate a director or bring other business before our annual meeting of stockholders must deliver a notice to our secretary not less than 90 days nor more than 120 days prior to the first anniversary of the date of mailing of the notice for the prior year's annual meeting of stockholders. For a stockholder seeking to nominate a candidate for our board of directors, the notice must include all information regarding the nominee that would be required in connection with the solicitation for the election of such nominee, including name, address, occupation and number of shares held. For a stockholder seeking to propose other business, the notice must include a description of the proposed business, the reasons for the proposal and other specified matters.

#### **No Stockholder Rights Plan**

We do not have, and we do not intend to adopt, a stockholder rights plan unless our stockholders approve in advance the adoption of a plan. If our board of directors adopts a plan for our company, we will submit the stockholder rights plan to our stockholders for a ratification vote within 12 months of adoption, without which the plan will terminate.

#### **Anti-Takeover Effect of Certain Provisions of Maryland Law and of Our Charter and Bylaws**

The provisions restricting ownership and transfer of our stock in our charter, as well as the advance notice provisions of our bylaws could delay, deter or prevent a transaction or a change of control of our company that might involve a premium price for holders of our common stock or that stockholders otherwise believe may be in their best interest. In addition, our board of directors has the power to increase the aggregate number of authorized shares and classify and reclassify any unissued shares of our stock into other classes or series of stock, and to authorize us to issue the newly-classified shares, and could authorize the issuance of shares of common stock or another class or series of stock, including a class or series of preferred stock, that could have the effect of delaying, deterring, or preventing a transaction or a change of control of us. Further, our charter and bylaws also provide that the number of directors may be established only by our board of directors, which prevents our stockholders from increasing the number of our directors and filling any vacancies created by such increase with their own nominees.

If our charter were to be amended to avail the corporation of the business combination provisions of the MGCL or to remove or modify the provision in the charter opting out of the control share acquisition provisions of the MGCL, or if our stockholders approve any election under the provisions of Title 3, Subtitle 8, these provisions of the MGCL could have similar anti-takeover effects.

#### **Indemnification and Limitation of Directors' and Officers' Liability**

Our charter and the partnership agreement provide for indemnification of our officers and directors against liabilities to the fullest extent permitted by the MGCL, as amended from time to time.

The MGCL permits a corporation to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he or she is made a party by reason of his or her service in that capacity. The MGCL permits a corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made a party by reason of their service in those or other capacities unless it is established that:

- an act or omission of the director or officer was material to the matter giving rise to the proceeding and:
  - was committed in bad faith; or
  - was the result of active and deliberate dishonesty;
- the director or officer actually received an improper personal benefit in money, property or services; or
- in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful.

However, under the MGCL, a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation (other than for expenses incurred in a successful defense of such an action) or for a judgment of liability on the basis that personal benefit was improperly received. In addition, the MGCL permits a corporation to advance reasonable expenses to a director or officer upon the corporation's receipt of:

- a written affirmation by the director or officer of his good faith belief that he has met the standard of conduct necessary for indemnification by the corporation; and
- a written undertaking by the director or on the director's behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the director did not meet the standard of conduct.

The MGCL permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from actual receipt of an improper benefit or profit in money, property or services or active and deliberate dishonesty established by a final judgment as being material to the cause of action. Our charter contains such a provision which eliminates such liability to the maximum extent permitted by Maryland law.

Our charter and bylaws obligate us, to the fullest extent permitted by Maryland law in effect from time to time, to indemnify and, without requiring a preliminary determination of the ultimate entitlement to indemnification, pay or reimburse reasonable expenses in advance of final disposition of a proceeding to:

- any present or former director or officer who is made a party to the proceeding by reason of his or her service in that capacity; or
- any individual who, while a director or officer of our Company and at our request, serves or has served another corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or any other enterprise as a director, officer, partner or trustee and who is made a party to the proceeding by reason of his or her



service in that capacity.

Our bylaws also obligate us to indemnify and advance expenses to any person who served a predecessor of ours in any of the capacities described in second and third bullet points above and to any employee or agent of our Company or a predecessor of our Company.

The partnership agreement of our operating partnership provides that we, as general partner, and our officers and directors are indemnified to the fullest extent permitted by law. See the section titled "Partnership Agreement-Exculpation and Indemnification of the General Partner" in the Annual Report on Form 10-K of which this Exhibit 4.5 is a part.

Insofar as the foregoing provisions permit indemnification of directors, officers or persons controlling us for liability arising under the Securities Act of 1933, as amended (the "Securities Act"), we have been informed that in the opinion of the Securities and Exchange Commission, this indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

12

EXHIBIT 10.17.1 10.37

**Deferred Cash Award Agreement AMENDMENT NO. 2  
TO THE  
MASTER PROJECT MANAGEMENT AGREEMENT**

This **Deferred Cash Award Amendment No. 2 to the Master Project Management Agreement** (this "**Award Agreement Amendment**"), is made dated and entered into effective as of [ ], 2023 February 12, 2024, by and among BRAEMAR TRS CORPORATION, a Delaware corporation, CHH III TENANT PARENT CORP. a Delaware corporation and RC HOTELS (VIRGIN ISLANDS), INC., a U.S. Virgin Islands corporation (together with any taxable REIT subsidiaries of the Partnership hereafter existing, hereinafter referred to as a "**Lessee**"), PREMIER PROJECT MANAGEMENT LLC, a Maryland limited liability company (the "**Grant Date**") by and between Braemar Hotels & Resorts Inc., a Maryland corporation (the "**Company Manager**"), and [ ] (the "**Participant**"). All capitalized terms in this Award Agreement shall have the meanings assigned to them herein. Capitalized terms not defined herein shall have the meanings assigned to them in the Company's Second Amended and Restated 2013 Equity Incentive Plan, as the same may be amended from time to time (the "**Plan**").

1. **Grant of Deferred Cash.** Pursuant and subject to the terms and conditions of this Award Agreement and the Plan, the Company grants to the Participant the right to receive a cash payment equal to 1/12<sup>th</sup> of \$[ ] effective as of (and as soon as practicable following) the end of each of the twelve calendar quarters beginning January 1, 2023 (the "**Deferred Cash**"), on the terms and conditions and subject to the restrictions set forth in this Award Agreement and the Plan. The grant of Deferred Cash is made in consideration of the services rendered by the Participant to the Company and/or its Affiliates and is subject to the terms and conditions of the Plan.

2. **Risk of Forfeiture.** The Participant shall immediately forfeit all rights to any portion of the Deferred Cash with respect to which the applicable calendar quarter has not concluded (or, in the case of a Termination of Service for Cause, to any unpaid Deferred Cash) for no consideration in the event of the Participant's Termination of Service, if applicable, under circumstances that do not cause the Participant to become fully vested under the terms of Section 3. For the purposes of this Award Agreement, "**Termination of Service**" shall mean the Participant's termination of service or employment with the Company, and its Affiliates, for any reason, and therefore, the Participant shall not be deemed to have a Termination of Service merely because of a change in the capacity in which the Participant renders service to the Company or its Affiliates as an Employee, Consultant or Non-Employee Director or a change in the entity among the Company and its Affiliates for which the Participant renders such service, provided that there is no interruption or termination of the Participant's service.

3. **Accelerated Vesting.** Notwithstanding the foregoing, should any employment or other written agreement between the Participant and the Company or any of its Affiliates (the "**Employment Agreement**") provide for accelerated vesting of equity awards held by the Participant in the event of the Participant's Termination of Service or a Change of Control, the terms of the Employment Agreement shall govern the vesting of the Deferred Cash granted hereunder and all unpaid Deferred Cash that so vests shall become immediately payable in a lump sum. If the Participant has no Employment Agreement or such Employment Agreement does not address the treatment of outstanding equity awards upon the Participant's Termination of Service or Change of Control, all unpaid Deferred Cash shall immediately vest and become payable in a lump sum upon the earliest to occur of: (A) the Participant's Termination of Service by the Company and its Affiliates without Cause (at a time that the Participant is otherwise willing and able to continue providing services) or a Termination of Service by Participant for Good Reason; (B) the Participant's Termination of Service for any reason within one (1) year following the effective date of a Change of Control; or (C) death or Disability of the Participant.

4. **Withholding.** The Company shall be entitled to withhold (or to cause the withholding of) the amount, if any, of all taxes of any applicable jurisdiction required to be withheld by an employer with respect to any amount paid to the Participant hereunder. The Company, in its sole and absolute discretion, shall make all determinations as to whether it is obligated to withhold any taxes hereunder and the amount thereof.

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5. **No Right to Continued Service.** Neither the Plan nor this Award Agreement shall confer upon the Participant any right to be retained in any capacity as a service provider to the Company or its Affiliates. Further, nothing in the Plan or this Award Agreement shall be construed to limit the discretion of the Company or its Affiliates, as the case may be, to terminate the Participant's service at any time, with or without Cause.
6. **Notices.** Any notice required to be delivered to the Company under this Award Agreement shall be in writing and addressed to the General Counsel of the Company at the Company's principal corporate offices. Any notice required to be delivered to the Participant under this Award Agreement shall be in writing and addressed to the Participant at the Participant's address as shown in the records of the Company at the time such notice is to be delivered. Either party may designate another address in writing (or by such other method approved by the Company) from time to time.
7. **Governing Law.** This Award Agreement shall be construed and interpreted in accordance with the laws of the State of Maryland without regard to conflict of law principles.
8. **Interpretation.** Any dispute regarding the interpretation of this Award Agreement shall be submitted by the Participant or the Company to the Committee for review. The resolution of such dispute by the Committee shall be final and binding on the Participant and the Company.
9. **Deferred Cash Subject to Plan.** This Award Agreement is subject to the Plan as approved by the Company's shareholders. The terms and provisions of the Plan as it may be amended from time to time are hereby incorporated herein by reference. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail.
10. **Successors and Assigns.** The Company may assign any of its rights under this Award Agreement. This Award Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this Award Agreement will be binding upon the Participant and the Participant's beneficiaries, executors, administrators and the person(s) to whom this Award Agreement may be transferred in accordance with this Award Agreement.
11. **Severability.** The invalidity or unenforceability of any provision of the Plan or this Award Agreement shall not affect the validity or enforceability of any other provision of the Plan or this Award Agreement, and each provision of the Plan and this Award Agreement shall be severable and enforceable to the extent permitted by law.
12. **No Transfer Rights.** Except as otherwise provided by the Committee, the Participant's rights hereunder are not transferable except by will or the laws of descent and distribution or pursuant to a domestic relations order of the court in a divorce proceeding. No right or benefit hereunder shall in any manner be liable for or subject to any debts, contracts, liabilities, or torts of the Participant. Except as otherwise provided by the Committee, any attempt to assign, alienate, pledge, attach, sell or otherwise transfer or encumber any rights to or otherwise relating to the Deferred Cash shall be wholly ineffective and, if any such attempt is made, the Deferred Cash will be automatically forfeited by the Participant and all of the Participant's rights to such shares shall immediately terminate without any payment or consideration by the Company and/or its Affiliates.
13. **Discretionary Nature of Plan.** The Plan is discretionary and may be amended, cancelled or terminated by the Company at any time, in its discretion. The grant of the Deferred Cash under this Award Agreement does not create any contractual right or other right to receive any Deferred Cash or other Awards in the future. Future Awards, if any, will be at the sole discretion

-2-

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of the Company. Any amendment, modification, or termination of the Plan shall not constitute a change or impairment of the terms and conditions of the Participant's service with the Company or its Affiliates.



14. **No Guarantee of Tax Consequences.** The Company, its Affiliates, the Board and the Committee make no commitment or guarantee to the Participant (or to any other person claiming through or on behalf of the Participant) that any federal, state, local or other tax treatment will (or will not) apply or be available to any person eligible for benefits under this Award Agreement and assume no liability or responsibility whatsoever for the tax consequences to the Participant (or to any other person claiming through or on behalf of the Participant).

15. **Claw-back Policy.** This Award shall be subject to the provisions of any claw-back policy implemented by the Company or its Affiliates, including, without limitation, any claw-back policy adopted to comply with the requirements of any federal or state laws and any rules or regulations promulgated thereunder, to the extent set forth in such claw-back policy.

16. **Amendment.** The Committee has the right, without the consent of the Participant, to amend, modify or terminate this Award Agreement, prospectively or retroactively; *provided, that*, such amendment, modification or termination shall not, without the Participant's consent, materially reduce or diminish the value of the Award memorialized hereby determined as if the Award had been vested and settled on the date of such amendment or termination.

17. **No Impact on Other Benefits.** The value of the Award memorialized hereby is not part of the Participant's normal or expected compensation for purposes of calculating any severance, retirement, welfare, insurance or similar benefit, as applicable, except as otherwise provided in any employment agreement, service agreement or similar agreement in effect between the Company or its Affiliates and the Participant.

18. **Counterparts.** This Award Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Counterpart signature pages to this Award Agreement transmitted by facsimile transmission, by electronic mail in portable document format (.pdf), or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

19. **Headings.** The headings in this Award Agreement are for purposes of convenience only and are not intended to define or limit the construction of the provisions hereof.

20. **Section 409A.** The Company and the Participant intend for the payments and benefits under this Award Agreement to be exempt from Section 409A of the Internal Revenue Code of 1986, as amended ("**Section 409A**"), or, if not so exempt, to be paid or provided in a manner which complies with the requirements of such section, and intend that this Award Agreement shall be construed and administered in accordance with such intention. If any payments or benefits due to the Participant hereunder would cause the application of an accelerated or additional tax under Section 409A, such payments or benefits shall be restructured in a manner which does not cause such an accelerated or additional tax. For purposes of the limitations on nonqualified deferred compensation under Section 409A, each payment of compensation under this Award Agreement shall be treated as a separate payment of compensation. Without limiting the foregoing and notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Award Agreement during the six-month period immediately following the Participant's separation from service shall instead be paid on the first business day after the date that is six months following the Participant's termination date (or death, if earlier), and the Participant shall

-3-

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not be considered to have terminated employment with the Company and its Affiliates for purposes of this Award Agreement until he would be considered to have incurred a "separation from service" within the meaning of Section 409A.

21. **Acceptance.** The Participant hereby acknowledges receipt of a copy of the Plan and this Award Agreement. The Participant has read and understands the terms and provisions thereof, and accepts the Deferred Cash subject to all of the terms and conditions of the Plan and this Award Agreement.

**[Remainder of Page Intentionally Left Blank]**

-4-

Executed as of the [ ] day of [ ], 2023].

**COMPANY:**

**BRAEMAR HOTELS & RESORTS INC.**

By:

Name:

Title:

**PARTICIPANT:**

Name: [ ]

-5-

**EXHIBIT 10.17.3**

**Performance LTIP Unit Award Agreement**

This Performance LTIP Unit Award Agreement (this “**Award Agreement**”) is made and entered into as of [ ], 2023 by and between Braemar Hotels & Resorts Inc., a Maryland corporation (the “**Company**”), Braemar Hospitality Limited Partnership, HOSPITALITY LIMITED PARTNERSHIP, a Delaware limited partnership (the “**Partnership**”) and [ ] (the “**Participant**”), the Landlords. All capitalized terms in this Award Agreement appearing herein that are not otherwise defined shall have the meanings assigned to them herein, or, if not so defined, as assigned ascribed to them in the Company’s Second Amended Master Project Management Agreement, dated August 8, 2018, by and Restated 2013 Equity Incentive Plan, as among the same may be amended from time to time parties hereto (the “**Plan**”), or the Third Amended and Restated Agreement of Limited Partnership of the Partnership, as the same may be amended from time to time (the “**OperatingMaster Agreement**”), as applicable.!

**Grant Date** **WITNESSETH:** [ ], 2023

**Total Number** WHEREAS, the parties hereto wish to amend the Master Agreement as set forth herein to change to method of LTIP Units: [insert MAXIMUM] revenue recognition for Manager and not to otherwise alter the rights of which the “**Target Number of LTIP Units**” shall be equal to: [insert TARGET]

**Performance Period:** January 1, 2023 – December 31, 2025, unless shortened to a Shortened Performance Period as defined in Exhibit A hereto

1. **Grant.** Pursuant to the terms and conditions of this Award Agreement and the terms and conditions any of the Plan and the Operating Agreement, the Company hereby grants the Participant all rights, title and interest in the record and beneficial ownership of the Total Number of LTIP Units set forth above which shall remain subject to forfeiture to the extent the performance goals described in Section 2 are not achieved. This grant of LTIP Units is made parties thereto.

NOW, THEREFORE, in consideration of the services premises and the mutual agreements herein set forth, the parties hereto hereby agree as follows:

## ARTICLE I. AMENDMENTS TO THE MASTER AGREEMENT

Section 1.01 The second paragraph of Section 8.02(A) of the Master Agreement is hereby modified as follows:

Manager shall be paid a project management fee (herein, the “**Project Management Fee**”) equal to four percent (4%) of the total project costs associated with the implementation of the Capital Improvement Budget (both hard and soft) until such time that the Capital Improvement Budget and/or renovation project involves the expenditure of an amount in excess of five percent (5%) of Gross Revenues of the applicable Hotel (as such Gross Revenues are certified to Manager from Lessee from time to time), whereupon the Project Management Fee shall be rendered reduced to three percent (3%) of the total project costs in excess of the five percent (5%) of Gross Revenue threshold. Any onsite or dedicated personnel required for the direct supervision of the implementation of a Capital Improvement Budget or other renovation project will be a direct cost to, and shall be reimbursed by, the Participant to Landlord. The Project Management Fee, Development Fee (as defined in the Company, Ashford Inc. (“**Advisor**”) and Mutual Exclusivity Agreement), and Market Service Fees will be payable monthly as the service is delivered based on percentage complete, as reasonably determined by Manager for each service, or their respective Affiliates and is subject to the terms and conditions of the Plan and the Operating Agreement. It is intended that the LTIP Units granted hereunder will constitute “profits interests” for all U.S. federal tax purposes and as specifically described in Rev. Proc. 93-27, 1993-2 C.B. 343 and Rev. Proc. 2001-43, 2001-2 C.B. 191.

2. **Vesting; Performance Goals.** The number of LTIP Units that vest shall be calculated payable as set forth in Exhibit A hereto.

3. **Distributions.** Prior to vesting of LTIP Units, all distributions with respect to LTIP Units shall be held back by the Partnership and shall be subject to the same vesting requirements and forfeiture restrictions as the underlying LTIP Units. In the event that the underlying LTIP Units (or any portion thereof) vest, accumulated distributions thereon shall be deemed distributed to Participant in cash and such cash used by Participant immediately thereafter to purchase such number of Common Partnership Units (as defined in the Operating Agreement) with an aggregate fair market value as of the date of vesting of the underlying LTIP Units equal to the amount of cash deemed distributed. For the purposes of the forgoing sentence, the Common Partnership Units shall be valued using the volume weighted average price of the Company's Common Stock for the twenty (20) consecutive trading days immediately preceding the applicable date of vesting determined in accordance with the Operating Agreement.

4. **Operating Agreement; Rights as LTIP Unitholder.** Participant acknowledges and agrees that Participant's LTIP Units acquired pursuant to this Award Agreement shall be subject to this Award Agreement, the Plan and the Operating Agreement (a copy of which has been provided to Participant as of the Grant Date). Participant acknowledges having received a copy of the Operating Agreement and having read the Operating

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Agreement in its entirety. Upon acceptance of Participant's LTIP Units and execution of this Award Agreement, Participant will automatically become a party to the Operating Agreement as an LTIP Unitholder (as defined in the Operating Agreement) and will be bound by all of the terms and conditions of the Operating Agreement. Participant agrees to execute, in connection with the LTIP Units granted hereunder, such further documentation as reasonably requested by the Company or by the Partnership (or its general partner) to evidence the admission of Participant to the Partnership as an LTIP Unitholder. Participant shall have all the rights of an LTIP Unitholder with respect to Participant's LTIP Units upon the Grant Date, provided that all other conditions to the issuance, including the forfeiture provisions contained herein and in the Operating Agreement have been satisfied.

5. **agreements.** **Withholding.** If the Company determines that it is obligated to withhold any tax in connection with the grant, vesting or settlement of the LTIP Units, the Participant must make arrangements satisfactory to the Company to pay or provide for any applicable federal, state, local and other withholding obligations. The Participant may satisfy any federal, state, local or other tax withholding obligation relating to the LTIP Units hereunder by tendering cash payment to the Company or by any of the following means: (i) authorizing the Company to withhold LTIP Units from the LTIP Units otherwise retained by the Participant hereunder; *provided, however*, that no LTIP Units are withheld with a value exceeding the maximum amount of tax required to be withheld by law; or (ii) delivering to the Company previously owned and unencumbered LTIP Units. The Company also has the right to withhold from any other compensation payable to the Participant.

6. **Tax Liability.** Notwithstanding any action the Company takes with respect to any or all tax or other tax-related withholding with respect to LTIP Units (“**Tax-Related Items**”), the ultimate liability for all Tax-Related Items (and any associated penalties and interest) is and remains the Participant's

responsibility, and the Company (i) makes no representation or undertakings regarding the treatment of any Tax-Related Items in connection with the grant, vesting or settlement of LTIP Units, distributions with respect to LTIP Units, or the subsequent sale or other disposition of any such LTIP Units acquired hereunder; and (ii) does not commit to structure the LTIP Units to reduce or eliminate the Participant's liability for Tax-Related Items.

7. **No Right to Continued Service.** Neither the Plan nor this Award Agreement shall confer upon the Participant any right to be retained in any capacity as a service provider to the Company, Advisor or any of their respective Affiliates. Further, nothing in the Plan or this Award Agreement shall be construed to limit the discretion of the Company, Advisor or any of their respective Affiliates to terminate the Participant's service at any time, with or without Cause.

8. **Transferability.** The Award and the LTIP Units may not be transferred otherwise than as permitted under the Operating Agreement.

9. **Compliance with Law.** The grant and any forfeiture of LTIP Units hereunder shall be subject to compliance by the Company and the Participant with all applicable requirements of federal and state securities laws. No LTIP Units shall be issued pursuant to this Award unless and until any then applicable requirements of state or federal laws and regulatory agencies have been fully complied with to the satisfaction of the Company and its counsel. The Participant understands that the Company is under no obligation to register any units with the Securities and Exchange Commission, any state securities commission or any stock exchange to effect such compliance.

10. **Notices.** Any notice required to be delivered to the Company under this Award Agreement shall be in writing and addressed to the General Counsel of the Company at the Company's principal corporate offices. Any notice required to be delivered to the Participant under this Award Agreement shall be in writing and addressed to the Participant at the Participant's address as shown in the records of the Company at the time such notice is to be delivered. Either party may designate another address in writing (or by such other method approved by the Company) from time to time.

11. **Governing Law.** This Award Agreement will be construed and interpreted in accordance with the laws of the State of Delaware without regard to conflict of law principles.

12. **Interpretation.** Any dispute regarding the interpretation of this Award Agreement shall be submitted by the Participant or the Company to the Committee for review. The resolution of such dispute by the Committee shall be final and binding on the Participant and the Company.

13. **Award Subject to Plan and Operating Agreement.** This Award Agreement is subject to the Plan as approved by the Company's shareholders and the Operating Agreement. The terms and provisions of the Plan and the Operating Agreement as each may be amended from time to time are hereby incorporated herein by reference. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan or a term or provision of the Operating Agreement, the applicable terms and provisions of the Plan or the Operating Agreement will govern and prevail.

14. **Successors and Assigns.** The Company may assign any of its rights under this Award Agreement. This Award Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this Award Agreement will be binding upon the Participant and the Participant's beneficiaries, executors, administrators and the person(s) to whom this Award Agreement may be transferred in accordance with Section 8.

15. **Severability.** The invalidity or unenforceability of any provision of the Plan, the Operating Agreement or this Award Agreement shall not affect the validity or enforceability of any other provision of the Plan, Operating Agreement or this Award Agreement, and each provision of the Plan, Operating Agreement and this Award Agreement shall be severable and enforceable to the extent permitted by law.

16. **Discretionary Nature of Plan.** The Plan is discretionary and may be amended, cancelled or terminated by the Company at any time, in its discretion. The grant of LTIP Units under this Award Agreement does not create any contractual right or other right to receive any LTIP Units or other awards in the future. Future awards, if any, will be at the sole discretion of the Company. Any amendment, modification, or termination of the Plan or Operating Agreement shall not constitute a change or impairment of the terms and conditions of the Participant's service with the Company, Advisor and/or their respective Affiliates.

17. **No Guarantee of Tax Consequences.** The Company, its Affiliates, the Board and the Committee make no commitment or guarantee to the Participant (or to any other person claiming through or on behalf of the Participant) that any federal, state, local or other tax treatment will (or will not) apply or be available to any person eligible for benefits under this Award Agreement and assume no liability or responsibility whatsoever for the tax consequences to the Participant (or to any other person claiming through or on behalf of the Participant). Notwithstanding anything herein to the contrary,

the Company does not guarantee that any LTIP Unit intended to be a "profits interest" shall be treated as such for tax purposes, and none of the Company, any Affiliate thereof, the Board or the Committee shall indemnify any individual with respect to the tax consequences if they are not so treated.

18. **Section 83(b) Election.** It shall be a condition subsequent to the grant of LTIP Units hereunder that the Participant makes a timely election under Section 83(b) of the Code within thirty (30) days following the Grant Date in substantially the form attached hereto as Exhibit B with respect to the LTIP Units and to consult with the Participant's tax advisor to determine the tax consequences of filing such an election under Section 83(b) of the Code. The Participant acknowledges that it is the Participant's sole responsibility, and not the responsibility of the Company or any of its Affiliates, to timely file the election under Section 83(b) of the Code even if the Participant requests the Company or any of its Affiliates or any of their respective managers, directors, officers, employees and authorized representatives (including attorneys, accountants, consultants, bankers, lenders, prospective lenders or financial representatives) to assist in making such filing. The Participant agrees to provide the Company, on or before the due date for filing such election, proof that such election has been timely filed.

19. **Claw-back Policy.** This Award (including any proceeds, gains or other economic benefit actually or constructively received by the Participant upon any receipt or exercise of any Award or upon the receipt or resale of any LTIP Units) shall be subject to the provisions of any claw-back policy implemented by the Company, Advisor or any of their respective Affiliates, as applicable, including, without limitation, any claw-back policy adopted to comply with the requirements of any federal or state laws and any rules or regulations promulgated thereunder, to the extent set forth in such claw-back policy.

20. **Amendment.** The Committee has the right, without the consent of the Participant, to amend, modify or terminate the Award, prospectively or retroactively; *provided, that*, such amendment, modification or termination shall not, without the Participant's consent, materially reduce or diminish the value of the Award as of the date of such amendment or termination.

21. **No Impact on Other Benefits.** The value of the Participant's Award is not part of his or her normal or expected compensation for purposes of calculating any severance, bonus, retirement, welfare, insurance or similar benefit, as applicable, except as otherwise provided in any employment agreement, service agreement or similar agreement in effect between the Company, Advisor or any of their respective Affiliates and the Participant.

22. **Counterparts.** This Award Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Counterpart signature pages to this Award Agreement transmitted by facsimile transmission, by electronic mail in portable document format (.pdf), or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

23. **Headings.** The headings in this Award Agreement are for purposes of convenience only and are not intended to define or limit the construction of the provisions hereof.

24. **Acceptance.** The Participant hereby acknowledges receipt of a copy of the Plan, the Operating Agreement and this Award Agreement. The Participant has read and

understands the terms and provisions thereof, and accepts the Award subject to all of the terms and conditions of the Plan, the Operating Agreement and this Award Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Award Agreement as of the date first written above.

BRAEMAR HOTELS & RESORTS INC.

By: \_\_\_\_\_

Name:

Title:

BRAEMAR OP GENERAL PARTNER LLC, as general partner of Braemar Hospitality Limited Partnership

By: \_\_\_\_\_

Name:

Title:

PARTICIPANT

By: \_\_\_\_\_

Name: [ \_\_\_\_\_ ]

Exhibit A

VESTING ARTICLE II. MISCELLANEOUS

**1. Section 2.01 Definitions.** For purposes of this Exhibit A, the following terms shall have the meanings indicated:

**"Involuntary Termination"** means (A) at a time that the Participant is otherwise willing and able to continue providing services, a Termination of Service by the Company without Cause and without the consent of Advisor (including in connection with the Participant's termination as an officer of the Company or the termination of the Fifth Amended and Restated Advisory Agreement between the Company and Advisor, as may be amended from time to time (the **"Advisory Agreement"**), other than a termination by the Company for the reasons described in Section 12.3(a) – (d) of the Advisory Agreement, as may be amended from time to time) or (B) a Termination of Service by Participant for Good Reason.

**"Shortened Performance Period"** means the period beginning twelve (12) months before (but not earlier than January 1, 2023) the earliest to occur of (A) a Change of Control of the Company (as defined in the Plan), (B) a change of control of Advisor (as defined in any employment or other written agreement between the Participant and Advisor (the **"Employment Agreement"**)) if such change of control of Advisor results in the vesting of this Award under the terms of the Employment Agreement, (C) Participant's Involuntary Termination, death or Disability or (D) Participant's involuntary termination of employment from Advisor if such involuntary termination results in the vesting of this Award under the terms of the Employment Agreement.

**"Termination of Service"** means the Participant's termination of service or employment with the Company for any reason in a manner that constitutes a "separation from service" with the Company pursuant to the regulations under Section 409A of the Code.

**2. Vesting; Performance Goals.** Except as otherwise set forth in Section 3 of this Exhibit A, the number of LTIP Units that vest shall be calculated as follows:

(i) Subject to the Participant not experiencing a Termination of Service through the last day of the Performance Period or Shortened Performance Period, as applicable, the Participant shall be eligible to vest in a number of LTIP Units equal to the product of (x) the Target Number of LTIP Units *multiplied by* (y) the applicable Performance Multiplier.

(ii) Any LTIP Units that fail to vest upon the completion of the Performance Period (or in accordance with Section 3 of this Exhibit A) or upon any Termination of Service shall be automatically forfeited for no consideration.

A-2

## 2.1 Performance Multiplier.

(a) **General Interpretation.** The “**Performance Multiplier**” shall equal parties hereto have participated jointly in the sum of (x) the Revenue Growth Multiplier plus (y) the EBITDAre Growth Multiplier plus (z) the Ending Net Debt/Gross Investment Property Ratio Multiplier, as defined in Section 2.1(b), (c), negotiation and (d) below, respectively.

(b) **Revenue Growth Multiplier.** The “**Revenue Growth Multiplier**” shall equal the product of (x) one-third (1/3), multiplied by (y) the Median Annual Adjusted Revenue Growth Multiplier. The “**Median Annual Adjusted Revenue Growth Multiplier**” shall be determined in accordance with table below:

| If the Company's Median Annual Adjusted Revenue Growth Is... | The Median Annual Adjusted Revenue Growth Multiplier Is... |
|--------------------------------------------------------------|------------------------------------------------------------|
| Less than 3%                                                 | 0                                                          |
| 3% (“ <b>Threshold Amount</b> ”)                             | 0.5                                                        |
| 5% (“ <b>Target Amount</b> ”)                                | 1.0                                                        |
| 7% (“ <b>Maximum Amount</b> ”) or more                       | 2.0                                                        |

The Median Annual Adjusted Revenue Growth Multiplier shall be interpolated on a linear basis for achievement of Median Annual Adjusted Revenue Growth between the Threshold Amount and Target Amount, or Target Amount and Maximum Amount, levels. For purposes drafting of this Award Agreement, Median Annual Adjusted Revenue means the median of the growth of Adjusted Revenue in each of 2023-2025 over the respective preceding year. “**Adjusted Revenue**” for any fiscal year means the Company's “Total Revenue” as reported in the Company's consolidated financial statements reported on Form 10-K for the respective fiscal year, adjusted as calculated by the Committee to eliminate the effect of asset dispositions.

(c) **EBITDAre Growth Multiplier.** The “**EBITDAre Growth Multiplier**” shall equal the product of (x) one-third (1/3), multiplied by (y) Median Annual Adjusted EBITDAre Growth Multiplier. The “**Medial Annual Adjusted EBITDAre Growth Multiplier**” shall be determined in accordance with the table below:

A-3

| If the Company's Median Annual Adjusted EBITDAre Growth Is... | The Median Annual Adjusted EBITDAre Growth Multiplier Is... |
|---------------------------------------------------------------|-------------------------------------------------------------|
| Less than 3%                                                  | 0                                                           |
| 3% (“ <b>Threshold Amount</b> ”)                              | 0.5                                                         |
| 5% (“ <b>Target Amount</b> ”)                                 | 1.0                                                         |
| 7% (“ <b>Maximum Amount</b> ”) or more                        | 2.0                                                         |

The Median Annual Adjusted EBITDAre Growth Multiplier shall be interpolated on a linear basis for achievement of Median Annual Adjusted EBITDAre Growth between the Threshold Amount and Target Amount, or Target Amount and Maximum Amount, levels. For purposes of this Award Agreement, Median Annual Adjusted EBITDAre Growth means the median of the growth of Adjusted EBITDAre in each of 2023-2025 over the respective preceding year. “**Adjusted EBITDAre**” means EBITDAre, as defined by the National Association of Real Estate Investment Trusts, as reported in the Company's earnings release for the respective fiscal year (or if not so reported, as adjusted as calculated by the Committee to exclude certain items in accordance with the Company's standard practices (such as write-off of premiums, loan costs and exit fees, other income/expense, net, transaction and conversion costs, legal, advisory and settlement costs, dead deal costs, uninsured remediation costs, and non-cash items such as amortization of unfavorable contract liabilities, gain/loss on extinguishment of debt, non-cash stock/unit-based compensation, unrealized gains/losses on derivative instruments, as well as the Company's portion of adjustments to EBITDAre of unconsolidated entities), adjusted as calculated by the Committee to eliminate the effect of asset dispositions.

(d) **Ending Net Debt/Gross Investment Property Ratio Multiplier.** The “**Ending Net Debt/Gross Investment Property Ratio Multiplier**” shall equal the product of (x) one-third (1/3), multiplied by (y) the Base Ending Net Debt/Gross Investment Property Ratio Multiplier. The “**Base Ending Net**



Debt/Gross Investment Property Ratio Multiplier" shall be determined in accordance with the table below:

A-4

| If the Company's Ending Net Debt/Gross Investment Property Ratio Is... | The Base Ending Net Debt/Gross Investment Property Ratio Multiplier Is... |
|------------------------------------------------------------------------|---------------------------------------------------------------------------|
| Greater than 46.0%                                                     | 0                                                                         |
| 46.0% ("Threshold Ratio")                                              | 0.5                                                                       |
| 42.0% ("Target Ratio")                                                 | 1.00                                                                      |
| 38.0% ("Maximum Ratio") or less                                        | 2.00                                                                      |

The Base Ending Net Debt/Gross Investment Property Ratio Multiplier shall be interpolated on a linear basis for achievement of an Ending Net Debt/Gross Investment Property Ratio between the Threshold Ratio and Target Ratio, or Target Ratio and Maximum Ratio, levels. For purposes of this Award Agreement, "Ending Net Debt/Gross Investment Property Ratio" means the quotient of Net Debt (as defined below) divided by "investments in hotel properties, gross," as reported in the Company's consolidated financial statements reported on Form 10-K for the fiscal year ending December 31, 2025. "Net Debt" is defined as "indebtedness" less (w) "cash and cash equivalents," (x) "restricted cash," (y) financial assets "due from third-party hotel managers," and (z) "marketable securities," each as reported in the Company's consolidated financial statements reported on Form 10-K for the fiscal year ending December 31, 2025.

2.2 Calculations; Adjustments. The Committee shall have the full and plenary authority to interpret this Award Agreement, and to calculate the achievement of the performance metrics described herein. The Committee's determinations with respect to any such interpretations or calculations shall be final and binding upon the Participant. The Committee shall have the authority to make appropriate adjustments to the definitions of Adjusted Revenue, Adjusted EBITDAre, and Ending Net Debt/Gross Investment Property Ratio Multiplier, or the calculation of any of the foregoing, to the extent that the Committee deems necessary.

3. Acceleration of Vesting.

3.1 Change of Control. In the event of a Change of Control of the Company prior to the end of the Performance Period, (i) the Performance Multiplier shall be determined in accordance with Section 2 calculated based on actual performance during the Shortened Performance Period and (ii) the number of LTIP Units that vest in accordance with Section 2 using the Performance Multiplier for the Shortened Performance Period shall vest immediately prior to the closing of such Change of Control. If a change of control of Advisor (as defined in the Employment Agreement) causes vesting of this Award under the Employment Agreement prior to the end of the Performance Period, this Award shall vest in accordance with the Employment Agreement and, to the extent not specifically addressed in the Employment Agreement, the number of LTIP Units that vest shall be the number of LTIP Units that vest in accordance with Section 2 using the Performance Multiplier for the Shortened Performance Period (which shall be determined in accordance with Section 2 calculated based on actual performance during the Shortened Performance Period).

A-5

3.2 Termination of Service. In the event of the Participant's (i) Involuntary Termination or (ii) death or Disability prior to the end of the Performance Period, a number of LTIP Units shall vest on the date of such event equal to the greater of (A) the Target Number of LTIP Units and



(B) the number of LTIP Units that vest in accordance with Section 2 using the Performance Multiplier for the Shortened Performance Period (which shall be determined in accordance with Section 2 calculated based on actual performance during the Shortened Performance Period). If an involuntary termination of employment from Advisor causes vesting of this Award under the Employment Agreement prior to the end of the Performance Period, this Award shall vest in accordance with the Employment Agreement and, to the extent not specifically addressed in the Employment Agreement, the number of LTIP Units that shall vest shall be the greater of (A) the Target Number of LTIP Units and (B) the number of LTIP Units that vest in accordance with Section 2 using the Performance Multiplier for the Shortened Performance Period (which shall be determined in accordance with Section 2 calculated based on actual performance during the Shortened Performance Period).

A-6

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## Exhibit B

### HOW TO MAKE A SECTION 83(b) ELECTION

The attached Section 83(b) election form was prepared pursuant to Section 1.83-2 of the Treasury Regulations. If you decide to make an election, you must do the following:

1. Fully complete, date and sign the election form as indicated. Type or print your name under the signature line on the form.
2. **Within 30 days of the issuance of LTIP Units to you**, file the executed form with the Internal Revenue Service Center where you file your federal income tax returns. You are strongly urged to use certified mail, return receipt requested. You may enclose a copy of the completed form with your filing and ask the IRS to file-stamp the copy and to return it to you. You should enclose a self-addressed envelope for this purpose.
3. Forward a copy of the completed election form to the Company's offices.
4. Keep a copy of the completed form for your files.
5. Timely file any forms or documents (if any) that may be necessary for state tax purposes.

Note that if you fail to file the completed election form with the IRS within 30 days following the issuance of the LTIP Units to you, the election will be invalid, and the tax consequences will be determined as if no elections were made. There is no grace period for making the election. None of the Company, the Partnership or the affiliate of either of the foregoing is responsible for the filing of your election.

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### SECTION 83(b) ELECTION

The undersigned taxpayer makes this election pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended (the "Code") and Treasury Regulations Section 1.83-2 promulgated thereunder:

1. Taxpayer's general information:

\*Name:

\*Address:

\*Social Security #/Taxpayer ID#:

2. Description of property with respect to which the election is being made:

\* [ ] LTIP Units (as defined in the Third Amended and Restated Agreement of Limited Partnership, as amended from time to time (the "**Partnership Agreement**") of Braemar Hospitality Limited Partnership, a Delaware limited partnership (the "**Partnership**")) granted pursuant to the Partnership Agreement.

3. Date on which the property was transferred: [ ], 2023

4. Taxable year for which the election is being made: 2023

5. Nature of restriction or restrictions to which the property is subject: the LTIP Units are subject to forfeiture and vesting based on achievement or certain financial metrics and the taxpayer's continued employment or service relationship.

6. The fair market value of the property at time of transfer (determined without regard to any restriction other than a restriction which by its terms will never lapse): \$0.

7. The amount (if any) paid for the property: \$0.

8. The amount to include in gross income is \$0. (The result of the amount reported in Item 6 minus the amount reported in Item 7.)

The undersigned taxpayer will file this election with the Internal Revenue Service office with which the taxpayer files his or her annual income tax return not later than 30 days after the date of the transfer of the property. A copy of the election also will be furnished to the Company. The undersigned is the person performing the services in connection with which the property was transferred.

The undersigned understands that the foregoing election may not be revoked except with the consent of the Internal Revenue Commissioner.

Dated:

Signature: \_\_\_\_\_

Print Taxpayer Name: \_\_\_\_\_

EXHIBIT 10.17.2

Performance Stock Unit Award Agreement

This Performance Stock Unit (“PSU”) Award Agreement (the “Award Agreement”) is made and entered into as of [ ], 2023 by and between Braemar Hotels & Resorts Inc., a Maryland corporation (the “Company”) and [NAME] (the “Participant”). All capitalized terms in this Award Agreement shall have the meanings assigned to them herein or, if not so defined, as assigned to them in the Company’s Second Amended and Restated 2013 Equity Incentive Plan, as the same may be amended from time to time (the “Plan”).

Grant Date: [ ], 2023

Target Number of PSUs: [ ]

Performance Period: January 1, 2023 – December 31, 2025, unless shortened to a Shortened Performance Period as defined in Section 5.1

1. **Grant.** Pursuant to the terms and conditions of this Award Agreement and the terms and conditions of the Plan, the Company hereby grants the Participant an Award entitling the Participant to receive (i) a number of shares of Common Stock in respect of any PSUs that vest in accordance with Section 2 (or in accordance with Section 5) and (ii) an amount equal to the dividends and other distributions paid prior to the settlement, cancellation or forfeiture of this Award with respect to a number of shares of Common Stock equal to the number of PSUs vesting hereunder (the right to receive such amount, “dividend equivalent rights” or “DERs”). This grant of PSUs and DERs is made in consideration of the services to be rendered by the Participant to the Company and is subject to the terms and conditions of the Plan.

2. **Vesting; Performance Goals.** Except as otherwise set forth in Section 5 below, the number of PSUs that vest and the actual number of shares of Common Stock, if any, to be issued to the Participant hereunder (not including shares of Common Stock that may be issued pursuant to Section 3 below with respect to DERs) shall be calculated as follows:

(i) Subject to the Participant not experiencing a Termination of Service through the last day of the Performance Period or Shortened Performance Period, as applicable, the Participant shall be eligible to vest in a number of PSUs equal to the product of (x) the Target Number of PSUs multiplied by (y) the applicable Performance Multiplier.

(ii) Any PSUs that fail to vest upon the completion of the Performance Period (or in accordance with Section 5) shall be automatically forfeited for no consideration. DERs shall be subject to the same vesting and forfeiture restrictions as the PSUs to which they are attributable. For the purposes of this Award Agreement, “Termination of Service” shall mean the Participant’s termination of service or employment with the Company for any reason in a manner that constitutes a “separation from service” with the Company pursuant to the regulations under Section 409A of the Code.

2.1 Performance Multiplier.

(a) **General.** The “Performance Multiplier” shall equal the sum of (x) the Revenue Growth Multiplier plus (y) the EBITDAre Growth Multiplier plus (z) the

Ending Net Debt/Gross Investment Property Ratio Multiplier, as defined in Section 2.1(b), (c), and (d) below, respectively.

(b) **Revenue Growth Multiplier.** The “Revenue Growth Multiplier” shall equal the product of (x) one-third (1/3), multiplied by (y) the Median Annual Adjusted Revenue Growth Multiplier. The “Median Annual Adjusted Revenue Growth Multiplier” shall be determined in accordance with table below:

| If the Company’s Median Annual Adjusted Revenue Growth Is... | The Median Annual Adjusted Revenue Growth Multiplier Is... |
|--------------------------------------------------------------|------------------------------------------------------------|
| Less than 3%                                                 | 0                                                          |
| 3% (“Threshold Amount”)                                      | 0.5                                                        |
| 5% (“Target Amount”)                                         | 1.0                                                        |
| 7% (“Maximum Amount”) or more                                | 2.0                                                        |

The Median Annual Adjusted Revenue Growth Multiplier shall be interpolated on a linear basis for achievement of Median Annual Adjusted Revenue Growth between the Threshold Amount and Target Amount, or Target Amount and Maximum Amount, levels. For purposes of this Award Agreement, Median Annual Adjusted Revenue means the median of the growth of Adjusted Revenue in each of 2023-2025 over the respective preceding year. **“Adjusted Revenue”** for any fiscal year means the Company’s **“Total Revenue”** as reported in the Company’s consolidated financial statements reported on Form 10-K for the respective fiscal year, adjusted as calculated by the Committee to eliminate the effect of asset dispositions.

(c) **EBITDAre Growth Multiplier.** The **“EBITDAre Growth Multiplier”** shall equal the product of (x) one-third (1/3), multiplied by (y) Median Annual Adjusted EBITDAre Growth Multiplier. The **“Medial Annual Adjusted EBITDAre Growth Multiplier”** shall be determined in accordance with the table below:

| If the Company’s Median Annual Adjusted EBITDAre Growth Is... | The Median Annual Adjusted EBITDAre Growth Multiplier Is... |
|---------------------------------------------------------------|-------------------------------------------------------------|
| Less than 3%                                                  | 0                                                           |
| 3% ( <b>“Threshold Amount”</b> )                              | 0.5                                                         |
| 5% ( <b>“Target Amount”</b> )                                 | 1.0                                                         |
| 7% ( <b>“Maximum Amount”</b> ) or more                        | 2.0                                                         |

The Median Annual Adjusted EBITDAre Growth Multiplier shall be interpolated on a linear basis for achievement of Median Annual Adjusted EBITDAre Growth between the Threshold Amount and Target Amount, or Target Amount and Maximum Amount, levels. For purposes of this Award Agreement, Median Annual Adjusted EBITDAre Growth means the median of the growth of Adjusted EBITDAre in each of 2023-2025 over the respective preceding year. **“Adjusted EBITDAre”** means EBITDAre, as defined by the National Association of Real Estate Investment Trusts, as reported in the Company’s earnings release for the respective fiscal year (or if not so reported, as adjusted as calculated by the Committee to exclude certain items in accordance with the Company’s standard practices (such as write-off of premiums, loan costs and exit fees, other income/expense, net, transaction and conversion costs, legal, advisory and settlement costs, dead deal costs, uninsured remediation costs, and non-cash items such as amortization of unfavorable contract liabilities, gain/loss on extinguishment of debt, non-cash stock/unit-based compensation, unrealized gains/losses on derivative instruments, as well as the Company’s portion of adjustments to EBITDAre of unconsolidated entities), adjusted as calculated by the Committee to eliminate the effect of asset dispositions.

(d) **Ending Net Debt/Gross Investment Property Ratio Multiplier.** The **“Ending Net Debt/Gross Investment Property Ratio Multiplier”** shall equal the product of (x) one-third (1/3), multiplied by (y) the Base Ending Net Debt/Gross Investment Property Ratio Multiplier. The **“Base Ending Net Debt/Gross Investment Property Ratio Multiplier”** shall be determined in accordance with the table below:

| If the Company’s Ending Net Debt/Gross Investment Property Ratio Is... | The Base Ending Net Debt/Gross Investment Property Ratio Multiplier Is... |
|------------------------------------------------------------------------|---------------------------------------------------------------------------|
| Greater than 46.0%                                                     | 0                                                                         |
| 46.0% ( <b>“Threshold Ratio”</b> )                                     | 0.5                                                                       |
| 42.0% ( <b>“Target Ratio”</b> )                                        | 1.00                                                                      |
| 38.0% ( <b>“Maximum Ratio”</b> ) or less                               | 2.00                                                                      |

The Base Ending Net Debt/Gross Investment Property Ratio Multiplier shall be interpolated on a linear basis for achievement of an Ending Net Debt/Gross Investment Property Ratio between the Threshold Ratio and Target Ratio, or Target Ratio and Maximum Ratio, levels. For purposes of this Award Agreement, **“Ending Net Debt/Gross Investment Property Ratio”** means the quotient of Net Debt (as defined below) divided by “investments in hotel properties, gross,” as reported in the Company’s

consolidated financial statements reported on Form 10-K for the fiscal year ending December 31, 2025. **“Net Debt”** is defined as “indebtedness” less (w) “cash and cash equivalents,” (x) “restricted cash,” (y) financial assets “due from third-party hotel managers,” and (z) “marketable securities,” each as reported in the Company’s consolidated financial statements reported on Form 10-K for the fiscal year ending December 31, 2025.

**2.2 Calculations: Adjustments.** The Committee shall have the full and plenary authority to interpret this Award Agreement, and to calculate the achievement of the performance metrics described herein. The Committee’s determinations with respect to any such interpretations or calculations shall be final and binding upon the Participant. The Committee shall have the authority to make appropriate adjustments to the definitions of Adjusted

Revenue, Adjusted EBITDA, and Ending Net Debt/Gross Investment Property Ratio Multiplier, or the calculation of any of the foregoing, to the extent that the Committee deems necessary.

3. **DERs.** Except as otherwise set forth in Section 5 below, **Amendment.** Consequently, in the event that any dividend **an ambiguity** or other distribution is declared and paid on shares **question** of Common Stock after the Grant Date, but prior to the settlement, cancellation **intent** or forfeiture of **interpretation arises**, this Award, the Participant shall be entitled to receive, upon the settlement of this Award or any portion thereof, an amount equal to the dividends or other distributions that would have been paid or issued on the number of shares of Common Stock underlying the number of PSUs that have vested in accordance with Section 2 or Section 5 and are then being settled. Such DERs shall be settled in the form of vested shares of Common Stock valued based on the volume weighted average price for the 20 trading days immediately preceding the applicable date of vesting, rounded up to the nearest whole share (as calculated by the Company). The Committee shall have the sole discretion to determine the dollar value of any DER paid other than in the form of cash, and its determination shall be controlling.

4. **Settlement; Issuance of Shares.** The actual number of shares of Common Stock earned hereunder shall be issued or paid to the Participant as soon as reasonably practicable following the calculation of the Performance Multiplier (or, if applicable, as soon as reasonably practicable following the vesting date pursuant to Section 5 below), but in no event later than 2-1/2 months following the calendar year in which the Award or applicable portion thereof has vested. The Participant shall not be entitled to any payment in respect of PSUs (and associated DERs) that vest under Section 2 or Section 5 unless and until the Performance Multiplier is calculated. The Company shall issue such shares of Common Stock registered in the name of the Participant, the Participant's authorized assignee, or the Participant's legal representative, which shall be evidenced by stock certificates representing the shares with the appropriate legends affixed thereto, appropriate entry on the books of the Company or of a duly authorized transfer agent, or other appropriate means as determined by the Company. Notwithstanding the foregoing, the Committee in its discretion may provide that, in lieu of such settlement in shares of

Common Stock, the Company shall pay to the Participant an amount in cash equal to the fair market value of such shares on the date of settlement.

## 5. **Acceleration of Vesting.**

### 5.1 **Definitions.**

(i) For the purposes of this Section 5, "**Involuntary Termination**" means (A) at a time that the Participant is otherwise willing and able to continue providing services, a Termination of Service by the Company without Cause and without the consent of Ashford Inc. ("**Advisor**") (including in connection with the Participant's termination as an officer of the Company or the termination of the Fifth Amended and Restated Advisory Agreement between the Company and Advisor, as may be amended from time to time (the "**Advisory Agreement**"), other than a termination by the Company for the reasons described in Section 12.3(a) – (d) of the Advisory Agreement, as may be amended from time to time) or (B) a Termination of Service by Participant for Good Reason.

(ii) The "**Shortened Performance Period**" means the period beginning twelve (12) months before (but not earlier than January 1, 2023) the earliest to occur of (A) a Change of Control of the Company (as defined in the Plan), (B) a change of control of Advisor (as defined in any employment or other written agreement between the Participant and Advisor (the "**Employment Agreement**")) if such change of control of Advisor results in the vesting of this Award under the terms of the Employment Agreement, (C) Participant's Involuntary Termination, death or Disability or (D) Participant's involuntary termination of employment from Advisor if such involuntary termination results in the vesting of this Award under the terms of the Employment Agreement.

5.2 **Change of Control.** In the event of a Change of Control of the Company prior to the end of the Performance Period, (i) the Performance Multiplier shall be determined in accordance with Section 2 calculated based on actual performance during the Shortened Performance Period and (ii) the number of PSUs that vest in accordance with Section 2 using the Performance Multiplier for the Shortened Performance Period shall vest immediately prior to the closing of such Change of Control. If a change of control of Advisor (as defined in the Employment Agreement) causes vesting of this Award under the Employment Agreement prior to the end of the Performance Period, this Award shall vest in accordance with the Employment Agreement and, to the extent not specifically addressed in the Employment Agreement, the number of PSUs that vest shall be the number of PSUs that vest in accordance with Section 2 using the Performance Multiplier for the Shortened Performance Period (which shall be determined in accordance with Section 2 calculated based on actual performance during the Shortened Performance Period).

5.3 **Termination of Service.** In the event of the Participant's (i) Involuntary Termination or (ii) death or Disability prior to the end of the Performance Period, a number of PSUs shall vest on the date of such event equal to the greater of (A) the Target Number of PSUs and (B) the number of PSUs that vest in accordance with Section 2 using the Performance Multiplier for the Shortened Performance Period (which shall be determined in accordance with Section 2 calculated based on actual performance during the Shortened Performance Period). If an involuntary termination of employment from

Advisor causes vesting of this Award under the Employment Agreement prior to the end of the Performance Period, this Award shall vest in accordance with the Employment Agreement and, to the extent not specifically addressed in the Employment Agreement, the number of PSUs that shall vest shall be the greater of (A) the Target Number of PSUs and (B) the number of PSUs that vest in accordance with Section 2 using the Performance Multiplier for the Shortened Performance Period (which shall be determined in accordance with Section 2 calculated based on actual performance during the Shortened Performance Period).

6. **Withholding.** If the Company determines that it is obligated to withhold any tax in connection with the grant, vesting or settlement of PSUs or DERs hereunder, the Participant must make arrangements satisfactory to the Company to pay or provide for any applicable federal, state, local and other withholding obligations. The Participant may satisfy any federal, state, local or other tax withholding obligation relating to the vesting or settlement of PSUs or DERs hereunder by tendering cash payment to the Company or by any of the following means: (i) authorizing the Company to withhold shares of Common Stock from the shares of Common Stock otherwise issuable to the Participant in settlement of PSUs or DERs; *provided, however,* that no shares of Common Stock are withheld with a value exceeding the maximum amount of tax required to be withheld by law in the applicable jurisdiction; or (ii) delivering to the Company previously owned and unencumbered shares of Common Stock. The Company also has the right to withhold from any other compensation payable to the Participant.

7. **Tax Liability.** Notwithstanding any action the Company takes with respect to any or all tax or other tax-related withholding with respect to PSUs or DERs ("**Tax-Related Items**"), the ultimate liability for all Tax-Related Items (and any associated penalties and interest) is and remains the Participant's responsibility, and the Company (i) makes no representation or undertakings regarding the treatment of any Tax-Related Items in connection with the grant, vesting or settlement of PSUs or DERs, dividends or other distributions with respect to shares of Common Stock received in settlement of PSUs or DERs, or the subsequent sale or other disposition of any such shares acquired hereunder; and (ii) does not commit to structure the Awards to reduce or eliminate the Participant's liability for Tax-Related Items.

8. **No Right to Continued Service; No Rights as Shareholder.** Neither the Plan nor this Award Agreement shall confer upon the Participant any right to be retained in any capacity as a service provider to the Company, Advisor or any of their respective Affiliates. Further, nothing in the Plan or this Award Agreement Amendment shall be construed to limit as if drafted jointly by the discretion parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the Company, Advisor or authorship of any provision of their respective Affiliates to terminate the Participant's service at any time, with or without Cause. The Participant shall not have any rights as a shareholder with respect to any shares of Common Stock subject to the Award unless and until certificates representing the shares have been issued by the Company to the holder of such shares, or the shares have otherwise been recorded on the books of the Company or of a duly authorized transfer agent as owned by such holder. *this Amendment.*

9. **Transferability.** Except as otherwise provided by the Committee, the Award is not transferable by the Participant other than by will or by the laws of descent and distribution or, for estate planning purposes, to one or more immediate family members or related family trusts or partnerships or similar entities. Any attempt to assign, alienate, pledge, attach, sell or otherwise transfer or encumber the PSUs, the DERs or any rights relating to any of the foregoing shall be wholly ineffective and, if any such attempt is made, the PSUs and DERs will be automatically forfeited by the Participant and all of the

Participant's rights to such PSUs and DERs shall immediately terminate without any payment or consideration by the Company or any Affiliate thereof.

10. **Compliance with Law.** The issuance of shares of Common Stock in settlement of this Award shall be subject to compliance by the Company and the Participant with all applicable requirements of federal and state securities laws and with all applicable requirements of any stock exchange on which the Company's shares of Common Stock may be listed. No shares of Common Stock shall be issued pursuant to this Award unless and until any then applicable requirements of state or federal laws and regulatory agencies have been fully complied with to the satisfaction of the Company and its counsel. The Participant understands that the Company is under no obligation to register any shares with the Securities and Exchange Commission, any state securities commission or any stock exchange to effect such compliance.

11. **Notices.** Any notice required to be delivered to the Company under this Award Agreement shall be in writing and addressed to the General Counsel of the Company at the Company's principal corporate offices. Any notice required to be delivered to the Participant under this Award Agreement shall be in writing and addressed to the Participant at the Participant's address as shown in the records of the Company at the time such notice is to be delivered. Either party may designate another address in writing (or by such other method approved by the Company) from time to time.

12. **Section 2.02 Governing Law.** This Award Agreement will Amendment and its interpretation, validity and performance shall be construed and interpreted in accordance with governed by the laws of the State of Maryland Texas without regard to conflict its conflicts of law laws principles.

13. **Interpretation.** Any dispute regarding the interpretation of this Award Agreement shall be submitted by the Participant or the Company to the Committee for review. The resolution of such dispute by the Committee shall be final and binding on the Participant and the Company.



14. **Award Subject to Plan.** This Award Agreement is subject to the Plan as approved by the Company's shareholders. The terms and provisions of the Plan as it may be amended from time to time are hereby incorporated herein by reference. In the event any court of a conflict between any term law of appropriate judicial authority shall hold or provision contained herein and a term or provision declare that the law of another jurisdiction is applicable, this Amendment shall remain enforceable under the laws of the Plan, appropriate jurisdiction. The parties hereto agree that venue for any action in connection herewith shall be proper in Dallas County, Texas. Each party hereto consents to the applicable terms jurisdiction of any local, state or federal court situated in any of such locations and provisions waives any objection which it may have pertaining to improper venue or forum non conveniens to the conduct of the Plan will govern and prevail. any proceeding in any such court.

15. **Successors and Assigns.** The Company may assign any of its rights under this Award Agreement. This Award Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this Award Agreement will be binding upon the Participant and the Participant's beneficiaries, executors, administrators and the person(s) to whom this Award Agreement may be transferred in accordance with Section 9.

16. **Severability.** The invalidity or unenforceability of any provision of the Plan or this Award Agreement shall not affect the validity or enforceability of any other provision of the Plan or this Award Agreement, and each provision of the Plan and this Award Agreement shall be severable and enforceable to the extent permitted by law.

17. **Discretionary Nature of Plan.** The Plan is discretionary and may be amended, cancelled or terminated by the Company at any time, in its discretion. The grant of PSUs under this Award Agreement does not create any contractual right or other right to receive any PSUs, DERs or other awards in the future. Future awards, if any, will be at the sole discretion of the Company. Any amendment, modification, or termination of the

Plan shall not constitute a change or impairment of the terms and conditions of the Participant's service with the Company, Advisor and/or their respective Affiliates.

18. **No Guarantee of Tax Consequences.** The Company, its Affiliates, the Board and the Committee make no commitment or guarantee to the Participant (or to any other person claiming through or on behalf of the Participant) that any federal, state, local or other tax treatment will (or will not) apply or be available to any person eligible for benefits under this Award Agreement and assume no liability or responsibility whatsoever for the tax consequences to the Participant (or to any other person claiming through or on behalf of the Participant).

19. **Section 409A.** This Award Agreement is intended to comply with Section 409A of the Code or an exemption thereunder and shall be construed and interpreted in a manner that is consistent with the requirements for avoiding additional taxes or penalties under Section 409A of the Code. In the event that the Participant is a "specified employee" (as defined under Section 409A of the Code) becomes entitled to a payment hereunder that is not otherwise exempt from Section 409A of the Code and is payable on account of a "separation from service" (as defined under Section 409A of the Code), such payment shall not occur until the earlier of (x) the date that is six months plus one day from the date of such "separation from service," or (y) the date of the Participant's death.

20. **Claw-back Policy.** This Award (including any proceeds, gains or other economic benefit actually or constructively received by the Participant upon any receipt or exercise of any Award or upon the receipt or resale of any shares of Common Stock underlying the Award) shall be subject to the provisions of any claw-back policy implemented by the Company, Advisor or any of their respective Affiliates, as applicable, including, without limitation, any claw-back policy adopted to comply with the requirements of any federal or state laws and any rules or regulations promulgated thereunder, to the extent set forth in such claw-back policy.

21. **Amendment.** The Committee has the right, without the consent of the Participant, to amend, modify or terminate the Award, prospectively or retroactively; *provided, that*, such amendment, modification or termination shall not, without the Participant's consent, materially reduce or diminish the value of the Award determined as if the Award had been vested and settled on the date of such amendment or termination.

22. **No Impact on Other Benefits.** The value of the Participant's Award is not part of his or her normal or expected compensation for purposes of calculating any severance, bonus, retirement, welfare, insurance or similar benefit, as applicable, except as otherwise provided in any employment agreement, service agreement or similar agreement in effect between the Company, Advisor or any of their respective Affiliates and the Participant.

23. **2.03 Counterparts.** This Award Agreement Amendment may be executed in one or more counterparts, each of which shall be deemed to be an original, but and all of which together will shall constitute one and the same instrument. Counterpart signature pages to this Award agreement.

**Section 2.04 Ratification of the Master Agreement transmitted by facsimile transmission, by electronic mail.** Except as expressly amended hereby, the Master Agreement is in portable document format (.pdf), or by any other electronic means all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect.

**Section 2.05 Applicability.** This Amendment is intended to preserve affect all Hotels collectively that are subject to the original graphic Master Agreement, whether operated by Lessee or a New Lessee, and pictorial appearance Lessee executes this Amendment on behalf of a document, will

have the same effect as physical delivery of the paper document bearing an original signature.

24. Headings. The headings in this Award Agreement are for purposes of convenience only itself and are not intended to define or limit the construction of the provisions hereof. each New Lessee.

25. Acceptance. The Participant hereby acknowledges receipt of a copy of [Signatures follow on the Plan and this Award Agreement. The Participant has read and understands the terms and provisions thereof, and accepts the Award subject to all of the terms and conditions of the Plan and this Award Agreement.

[SIGNATURE PAGE FOLLOWS] next page.]

-2-

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the day and the year first above written.

PARTNERSHIP:

BRAEMAR HOSPITALITY LIMITED PARTNERSHIP, a Delaware limited partnership

By: Braemar OP General Partner LLC,  
its general partner

By: /s/ Deric Eubanks  
Deric Eubanks  
Chief Financial Officer

LESSEE:

BRAEMAR TRS CORPORATION, a Delaware corporation

By: /s/ Deric Eubanks  
Deric Eubanks  
President

CHH III TENANT PARENT CORP, a Delaware corporation

By: /s/ Deric Eubanks  
Deric Eubanks  
President

RC HOTELS (VIRGIN ISLANDS), INC., a U.S. Virgin Islands corporation

By: /s/ Deric Eubanks  
Deric Eubanks  
Treasurer



**MANAGER:**

PREMIER PROJECT MANAGEMENT LLC, a Maryland limited liability company

By: /s/ Hector Sanchez Hector Sanchez, CEO

[Signature Page to Amendment No. 2 to Master Project Management Agreement]

EXHIBIT 10.38

**LIMITED WAIVER UNDER ADVISORY AGREEMENT**

This LIMITED WAIVER UNDER ADVISORY AGREEMENT (this "Waiver") is entered into as of March 11, 2024, by and among **BRAEMAR HOTELS & RESORTS INC.** (the "Company"), **BRAEMAR HOSPITALITY LIMITED PARTNERSHIP** (the "Operating Partnership"), **BRAEMAR TRS CORPORATION** ("TRS"), **ASHFORD INC.** ("AINC"), and **ASHFORD HOSPITALITY ADVISORS LLC** ("Ashford LLC" and, together with AINC, the "Advisor").

**RECITALS:**

A. The parties hereto are parties to that certain Fifth Amended and Restated Advisory Agreement, dated as of April 23, 2018, as amended by that certain Enhanced Return Funding Program Agreement and Amendment No. 1 to the Fifth Amended and Restated Advisory Agreement, dated January 15, 2019 (as amended, restated, supplemented or otherwise modified from time to time, the "Advisory Agreement").

B. Section 5.2 of the Advisory Agreement allocates responsibility for certain employee costs between the Company and the Advisor.

C. Section 6.3 of the Advisory Agreement provides that, subject to the limitations set forth therein, the Board of Directors of the Company shall issue annual equity awards in the Company or the Operating Partnership to employees, officers, consultants, non-employee directors, Affiliates or representatives of the Advisor, based on achievement by the Company of certain financial or other objectives or otherwise as the Board of Directors of the Company sees fit.

D. The Company has determined that it is in the best interests of the Company to award cash compensation to employees, officers, consultants, non-employee directors, Affiliates or representatives of the Advisor, and, as more fully set forth herein, the parties hereto desire to provide for a waiver of the operation of provisions under the Advisory Agreement, if any, that might otherwise limit the Company's ability to make such awards.

**AGREEMENT:**

In consideration of the premises and mutual covenants herein and for other valuable consideration, the parties hereto agree as follows:

Section 1. Definitions. Capitalized terms used in this **Award** Waiver but not defined have the meaning provided in the Advisory Agreement. Each reference to "hereof", "hereunder", "herein" and "hereby" and each other similar reference and each reference to "this Agreement" and each other similar reference contained in the Advisory Agreement shall refer to the Advisory Agreement after giving effect to this Waiver.

Section 2. Waiver.

2.1 The Company, the Operating Partnership, TRS and the Advisor hereby waive the operation of any provision in the Advisory Agreement that would otherwise limit the ability of the Company in its discretion, at the Company's cost and expense, to award during calendar year 2024 cash incentive compensation to employees, officers, consultants, non-employee directors, Affiliates or representatives of the Advisor, in each case on a

current, deferred and/or contingent basis and subject to such other terms and conditions as the Board of Directors of the Company or its delegates may establish in their discretion.

2.2 The waiver contained in this Waiver shall be effective only in this instance and for the specific purpose for which it was intended and shall not be deemed to be a consent to any other transaction or matter or waiver of compliance in the future, or a waiver of any preceding or succeeding breach of the same or any other covenant or provision of the Advisory Agreement.

Section 3. Miscellaneous.

3.1 Advisory Agreement Unaffected. Each reference to the Advisory Agreement shall hereafter be construed as a reference to the Advisory Agreement after giving effect to this Waiver. Except as herein otherwise specifically provided, all provisions of the Advisory Agreement (after giving effect to this Waiver) shall remain in full force and effect and be unaffected hereby.

3.2 Headings. Section headings herein are included herein for convenience of reference only and shall not constitute a part hereof for any other purpose or be given any substantive effect.

3.3 Counterparts. This Waiver may be executed in any number of counterparts, by different parties hereto in separate counterparts and by facsimile signature or other electronic transmissions, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

3.4 Governing Law; Consent to Jurisdiction. The provisions of Section 23 of the Advisory Agreement shall be set forth herein *mutatis mutandis*.

*[Signature pages follow.]*

IN WITNESS WHEREOF, this Waiver has been duly executed and delivered as of the date first written above.

BRAEMAR HOTELS & RESORTS INC.

By: \_\_\_\_\_

Name:

Title:

above written.

PARTICIPANT BRAEMAR HOTELS & RESORTS INC.

By: \_\_\_\_\_

Name: [ ]

By: /s/ Richard Stockton

Name: Richard Stockton

Title: Chief Executive Officer

BRAEMAR HOSPITALITY LIMITED PARTNERSHIP

By: Braemar OP General Partner LLC, its general partner

PURCHASE AND SALE AGREEMENT

BY AND BETWEEN

SHR FSST, LLC By: I

a Delaware limited liability company, /s/ Deric S. Eubanks

AND Name: Deric S. Eubanks

DTRS FSST, LLC,

a Delaware limited liability company, Title: Chief Financial Officer

COLLECTIVELY, AS SELLER

AND

BHR SCOTTSDALE LP,

a Delaware limited partnership,

AS PURCHASER

DATED AS OF OCTOBER 31, 2022

FOR THE

FOUR SEASONS SCOTTSDALE AT TROON NORTH

10600 E. Crescent Moon Dr.,

Scottsdale, AZ 85262 BRAEMAR TRS CORPORATION

By: /s/ Deric S. Eubanks

||| Name: Deric S. Eubanks

2230752.03F-NYCSR03A - MSW Title: President and Secretary

[Signature Page to Limited Waiver]

TABLE OF CONTENTS

|                                                       |    |
|-------------------------------------------------------|----|
| Article I DEFINITIONS                                 | 1  |
| 1.1Definitions                                        | 1  |
| Article II THE PROPERTY AND LIABILITIES               | 14 |
| 2.1Description of the Property                        | 14 |
| 2.2Excluded Property                                  | 17 |
| Article III PURCHASE PRICE                            | 18 |
| 3.1Purchase Price                                     | 18 |
| 3.2Deposit                                            | 18 |
| 3.3Payment of Purchase Price                          | 18 |
| 3.4Allocation of Purchase Price                       | 18 |
| Article IV PURCHASER'S DILIGENCE                      | 19 |
| 4.1Due Diligence                                      | 19 |
| Article V TITLE TO THE PROPERTY                       | 21 |
| 5.1Title Commitment                                   | 21 |
| 5.2Survey                                             | 22 |
| 5.3Exceptions to Title                                | 22 |
| 5.4Title Policy                                       | 25 |
| 5.5Conveyance of the Land                             | 25 |
| Article VI CONDITION OF THE PROPERTY                  | 25 |
| 6.1PROPERTY SOLD "AS IS"                              | 25 |
| 6.2LIMITATION ON REPRESENTATIONS AND WARRANTIES       | 25 |
| 6.3RELIANCE ON DUE DILIGENCE                          | 26 |
| 6.4RELEASE OF SELLER FOR VIOLATIONS OF APPLICABLE LAW | 27 |
| 6.5SURVIVAL                                           | 27 |
| Article VII REPRESENTATIONS AND WARRANTIES            | 27 |
| 7.1Seller's Representations and Warranties            | 27 |
| 7.2Purchaser's Representations and Warranties         | 32 |
| Article VIII COVENANTS                                | 34 |
| 8.1Confidentiality                                    | 34 |
| 8.2Conduct of the Business                            | 35 |
| 8.3Licenses and Permits                               | 36 |
| 8.4Employees                                          | 36 |
| 8.5Bookings                                           | 37 |
| 8.6Tax Contests                                       | 37 |
| 8.7Notices and Filings                                | 38 |
| 8.8Access to Information                              | 38 |
| 8.9Privacy Laws                                       | 38 |
| 8.10Further Assurances                                | 39 |
| 8.11Estoppels                                         | 39 |
| 8.12Independent Audit                                 | 39 |
| 2230752.03F-NYCSR03A - MSW                            |    |

|                                                |    |
|------------------------------------------------|----|
| 8.13Tax Clearance Letter                       | 40 |
| 8.14HMA Amendment                              | 41 |
| Article IX CLOSING CONDITIONS                  | 41 |
| 9.1Mutual Closing Condition                    | 41 |
| 9.2Purchaser Closing Conditions                | 42 |
| 9.3Seller Closing Conditions                   | 43 |
| Article X CLOSING                              | 43 |
| 10.1Closing Date                               | 43 |
| 10.2Closing Escrow                             | 44 |
| 10.3Closing Deliveries                         | 44 |
| 10.4Possession                                 | 46 |
| Article XI PRORATIONS AND EXPENSES             | 46 |
| 11.1Closing Statement                          | 46 |
| 11.2Prorations                                 | 46 |
| 11.3Accounts Receivable                        | 51 |
| 11.4Transaction Costs                          | 51 |
| 11.5Ongoing Work                               | 52 |
| 11.6Unresolved Items                           | 53 |
| Article XII TRANSITION PROCEDURES              | 54 |
| 12.1Safe Deposit Boxes                         | 54 |
| 12.2Baggage                                    | 54 |
| 12.3IT Systems                                 | 55 |
| Article XIII DEFAULT AND REMEDIES              | 55 |
| 13.1Seller's Default                           | 55 |
| 13.2Seller's Right to Cure                     | 55 |
| 13.3Purchaser's Default                        | 56 |
| 13.4LIQUIDATED DAMAGES                         | 56 |
| Article XIV RISK OF LOSS                       | 56 |
| 14.1Casualty                                   | 56 |
| 14.2Condemnation                               | 57 |
| Article XV SURVIVAL AND INDEMNIFICATION        | 58 |
| 15.1Survival                                   | 58 |
| 15.2Indemnification by Seller                  | 58 |
| 15.3Indemnification by Purchaser               | 59 |
| 15.4Limitations on Indemnification Obligations | 59 |
| 15.5Indemnification Procedure                  | 60 |
| 15.6Exclusive Remedy for Indemnification Loss  | 61 |
| Article XVI MISCELLANEOUS PROVISIONS           | 61 |
| 16.1Notices                                    | 61 |
| 16.2No Recordation                             | 63 |
| 16.3Time is of the Essence                     | 63 |

|                                                        |    |
|--------------------------------------------------------|----|
| 16.4Assignment                                         | 63 |
| 16.5Successors and Assigns                             | 64 |
| 16.6Third Party Beneficiaries                          | 64 |
| 16.7GOVERNING LAW                                      | 64 |
| 16.8Rules of Construction                              | 64 |
| 16.9Severability                                       | 65 |
| 16.10JURISDICTION AND VENUE                            | 65 |
| 16.11WAIVER OF TRIAL BY JURY                           | 65 |
| 16.12Prevailing Party                                  | 65 |
| 16.13Incorporation of Recitals, Exhibits and Schedules | 65 |
| 16.14Updates of Schedules                              | 65 |
| 16.15Entire Agreement                                  | 66 |
| 16.16Amendments, Waivers and Termination of Agreement  | 66 |
| 16.17Not an Offer                                      | 66 |
| 16.18Execution of Agreement                            | 66 |

ASHFORD HOSPITALITY ADVISORS LLC

iii

2230752.03F-NYCSR03A -  
MSW

By: /s/ Eric Batis

LIST OF EXHIBITS Name: Eric Batis  
Title: Chief Executive Officer

ASHFORD INC.

|           |                                                                  |
|-----------|------------------------------------------------------------------|
| Exhibit A | Form of Deposit Escrow Agreement                                 |
| Exhibit B | Form of Seller Closing Certificate                               |
| Exhibit C | Form of Special Warranty Deed                                    |
| Exhibit D | Form of Bill of Sale                                             |
| Exhibit E | Form of General Assignment and Assumption                        |
| Exhibit F | Form of Purchaser Closing Certificate                            |
| Exhibit G | Form of Assignment and Assumption of HMA Documents               |
| Exhibit H | Form of Assignment and Assumption of Tenant Leases and Contracts |
| Exhibit I | Form of Tenant Direction Letter                                  |
| Exhibit J | Form of Assignment and Assumption of Hotel Facilities Agreement  |
| Exhibit K | Form of Assignment and Assumption of Revenue Sharing Agreement   |
| Exhibit L | Form of Affidavit of Property Value                              |
| Exhibit M | Form of Press Release                                            |
| Exhibit N | Form of HMA Amendment                                            |
| Exhibit O | Form of Assignment and Assumption of Cost Sharing Agreement      |
| Exhibit P | Form of Parent Support Agreement                                 |
| Exhibit Q | Form of RFP Letter                                               |

ivBy: /s/ Alex Rose

2230752.03F-  
NYCSR03A -  
MSW

Name: Alex Rose

LIST OF SCHEDULES

|                                                                |                                         |
|----------------------------------------------------------------|-----------------------------------------|
| Schedule 1.1-A                                                 | Existing Survey and Title Commitment    |
| Schedule 1.1-B                                                 | HMA Documents                           |
| Schedule 2.1.1                                                 | Legal Description of the Land           |
| Schedule 2.1.8                                                 | Tenant Leases                           |
| Schedule 2.1.9                                                 | Equipment Leases                        |
| Schedule 2.1.10                                                | Excluded Operating Agreements           |
| Schedule 2.1.11                                                | Licenses and Permits                    |
| Schedule 2.2.11                                                | Excluded Personal Property              |
| Schedule 5.1.1                                                 | Title Exceptions                        |
| Schedule 7.1.3                                                 | Consents and Approvals; No Conflicts    |
| Schedule 7.1.4                                                 | Title to Personal Property              |
| Schedule 7.1.6                                                 | Compliance with Applicable Law          |
| Schedule 7.1.7                                                 | Litigation                              |
| Schedule 7.1.9                                                 | Taxes                                   |
| Schedule 7.1.10                                                | Licenses and Permits                    |
| Schedule 7.1.12                                                | Material Contracts                      |
| Schedule 7.1.13                                                | HMA Documents Defaults                  |
| Schedule 7.1.16                                                | Environmental Reports                   |
| Schedule 7.1.24                                                | Condominium Documents Defaults          |
| Schedule 8.11                                                  | Estoppels                               |
| Schedule 11.5.1                                                | Ongoing Work Contracts                  |
| Schedule 11.5.2                                                | Pre-Approved New Ongoing Work Contracts |
| Title: Executive Vice President, General Counsel and Secretary |                                         |
| v[Signature Page to Limited Waiver]                            |                                         |
| 2230752.03F-NYCSR03A - MSW                                     |                                         |

EXHIBIT 10.39

## PURCHASE AND SALE FIRST AMENDMENT TO CREDIT AGREEMENT

THIS PURCHASE AND SALE FIRST AMENDMENT TO CREDIT AGREEMENT (this "**Agreement Amendment**") is made and entered into as of this 31st day of October, 2022 (the "**executed on Effective Date**"), February 21, 2024, by and between among **SHR FSST, LLC**, a Delaware limited liability company ("**Fee Seller**"), **DTRS FSST, LLC**, a Delaware limited liability company ("**Leasehold Seller**" and, together with Fee Seller, collectively, "**Seller**"), and **BHR SCOTTSDALE LP BRAEMAR HOSPITALITY LIMITED PARTNERSHIP**, a Delaware limited partnership ("**Purchaser Borrower**"). Seller and Purchaser are sometimes referred to herein individually as a "**Party**", and collectively as the "**Parties**".

**WHEREAS BRAEMAR HOTELS & RESORTS INC.**, Fee Seller is the owner of the hotel and resort located at 10600 E. Crescent Moon Dr., Scottsdale, AZ, 85262, and commonly known as Four Seasons Scottsdale at Troon North a Maryland corporation (the "**Hotel Parent**"), each lender party hereto (collectively, "**Lenders**"), and Seller is the owner of the Property (as defined herein) **BANK OF AMERICA, N.A.**, as more specifically described in this Agreement. Administrative Agent ("**Administrative Agent**").

## WHEREAS RECITALS



1. Borrower, Parent, Administrative Agent, and Lenders are parties to that certain Credit Agreement (as modified, amended, renewed, extended, and/or restated, the “**Seller desires Credit Agreement**”) dated as of July 31, 2023.

2. The parties hereto desire to sell/amend the Property (as defined herein) Credit Agreement, subject to Purchaser, and Purchaser desires to purchase the Property from Seller, on the terms and conditions set forth in this Agreement, herein.

NOW, THEREFORE,, in consideration of the mutual covenants set forth in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby parties hereto agree as follows:

## ARTICLE I DEFINITIONS

**1.1 Definitions 1. Terms and References.** In addition to the Unless otherwise stated in this Amendment (a) terms defined above in the introduction and recitals to this Credit Agreement have the following terms same meanings when used in this Agreement shall have Amendment, and (b) references to “Sections” are to the meanings set forth in this Credit Agreement’s sections.

### 2. Amendmentsto the Credit Agreement.

(a) Section **1.1 1.01** of the Credit Agreement is hereby amended to delete the definitions of “**DSC Amount**” and “**Net Operating Income**” in their entirety and to replace such definitions with the following:

“**Accounts Receivable DSC Amount**” means, all amounts attributable to periods prior to Closing from the operation of the Property which have not been received as of the Closing, including, without limitation, charges any date, an amount, determined for the use or occupancy period of any guest, conference or banquet rooms or other facilities at four (4) full fiscal quarters ended on (or most recently ended prior to) such date, equal to the Property, including, but not limited to, any restaurant, bar or banquet services, or any other goods or services provided maximum principal amount of Indebtedness that can be supported by or on behalf the Adjusted NOI from Borrowing Base Properties for such period assuming (a) a 30-year amortization and an interest rate which is the greater of Fee Seller or Leasehold Seller at (i) the Real Property, but expressly excluding all (i) credit card charges, checks and other instruments which have been submitted for payment ten (10) year U.S. Treasury Rate as of the Closing, such date plus two and one-half of one percent (2.50%) and (ii) amounts seven and one-half of one percent (7.50%) and (b) a minimum debt service coverage of 1.55 to which a third party (such as Manager or a Tenant) is entitled, rather than Seller and (iii) items of income otherwise prorated pursuant to **1.00. Section 11.2 or 11.3.1**.

“**Affiliate Net Operating Income**” means, (A) with respect for any Borrowing Base Property for any period, an amount equal to any Person other than Purchaser, any other Person that, directly or indirectly, (i) owns or controls more than fifty percent (50%) of (a) the outstanding voting and/or equity interests aggregate gross revenues from the operations of such Person, or (ii) controls, is controlled by or is under common control with, Borrowing Base Property during such period, minus (b) the Person in question, and (B) with respect to Purchaser, Purchaser Parent or any other Person in which Purchaser Parent, directly or indirectly, (i) owns more than fifty percent (50%) sum of the outstanding equity interests or (ii) possesses control. For the purposes of this Agreement, the term “control” and its derivations means having the power, directly or indirectly, to direct the management, policies or general conduct of business of the Person in question, whether by the ownership of voting securities, contract or otherwise.

“**Agreement**” has the meaning set forth in the Introductory Paragraph hereof.

“**Applicable Law**” means (i) all statutes, laws, common law, rules, regulations, ordinances, codes or other legal requirements of any Governmental Authority, stock exchange, board of fire underwriters and similar quasi-governmental authorities, and (ii) any judgment,

injunction, order or other similar requirement of any court or other adjudicatory authority, in effect at the time in question and in each case to the extent the Person or property in question is subject to the same.

“Arbiter” has the meaning set forth in Section 11.2.22.

“Assigned Operating Agreements” has the meaning set forth in Section 2.1.10.

“Assignment of HMA Documents” has the meaning set forth in Section 10.3.1(e).

“Assumed Liabilities” means all Liabilities arising in connection with or relating to the ownership, use or operation of the Property other than Retained Liabilities.

“Bookings” has the meaning set forth in Section 2.1.16.

“Books and Records” has the meaning set forth in Section 2.1.13.

“Broker” has the meaning set forth in Section 7.1.14.

“Business Day” means any day other than a Saturday, Sunday or federal legal holiday.

“CC&R’s” shall mean, as the same may have been amended and/or assigned (i) that certain Access and Utility Easement and Maintenance Agreement, dated as of July 9, 1999 and recorded with the Clerk’s Office under #99-0655184, (ii) that certain Reciprocal Easement Agreement, dated as of March 29, 1996 and recorded with the Clerk’s Office under #96-0217097, and (iii) that certain Amended and Restated Declaration of Covenants, Conditions and Restrictions for Crescent Moon Ranch recorded August 21, 2008 with the Clerk’s Office as #20080730064, as amended by that certain Certificate of Amendment and Annexation of Property recorded December 12, 2014 with the Clerk’s Office as #20140817712.

“Cap” has the meaning set forth in Section 15.4.2.

“Casualty” has the meaning set forth in Section 14.1.

“Clerk’s Office” means the County Recorder’s Office of Maricopa County, Arizona.

“Closing” has the meaning set forth in Section 10.1.

“Closing Date” has the meaning set forth in Section 10.1.

“Closing Escrow” has the meaning set forth in Section 10.2.

“Closing Escrow Agreement” has the meaning set forth in Section 10.2.

“Closing Financial Statements” has the meaning set forth in Section 8.12. “Closing Statement” has the meaning set forth in Section 11.1.

“Code” means the Internal Revenue Code of 1986, as amended from time to time, and any regulations, rulings and guidance issued by the Internal Revenue Service.

“Compensation” means, with respect to any Employee, all salary and wages which such Employee is entitled to receive at the time in question (including salary and wages for any unused personal time off for vacation, but expressly excluding sick days expenses and other personal

days), together with all employment taxes with respect thereto, including, without limitation, any withholding and employer contributions required under Applicable Law.

“Condemnation” has the meaning set forth in Section 14.2.

“Condominium” means the Premier Storage Condominiums of North Phoenix, as established pursuant to the Condominium Declaration.

“Condominium Association” means Premier Storage of North Phoenix Property Owners Association, Inc., an Arizona not-for-profit corporation, together with its successors and/or assigns.

“Condominium Board” means the Board of Directors of the Condominium Association under the Condominium Documents.

“Condominium Declaration” means that certain Declaration recorded May 19, 2005, in Recording No. 20050664505 of the Clerk’s Office, as amended by that certain Amended and Restated Declaration of Condominium and Covenants, Conditions and Restrictions for Premier Storage Condominiums of North Phoenix, dated May 15, 2008, recorded May 16, 2008, in Recording No. 20080434268 of the Clerk’s Office, as amended by that certain First Amendment to Amended and Restated Declaration of Condominium and Covenants, Conditions and Restrictions for Premier Storage Condominiums of North Phoenix recorded June 23, 2008 in Recording No. 20080552607 of the Clerk’s Office, as amended by that certain Letter of Correction to Amended and Restated Declaration of Condominium and Covenants, Conditions and Restrictions for Premier Storage Condominiums of North Phoenix, dated June 4, 2008, recorded June 9, 2008, in Recording No. 2008-0507990 of the Clerk’s Office.

“Condominium Documents” means, collectively, (a) the Condominium Declaration, (b) the Articles of Incorporation of the Condominium Association, (c) the By-Laws of the Condominium Association, and (d) the Condominium Rules and Regulations for the Condominium; in each case as the same may be amended, modified, promulgated, or amended and restated from time to time.

“Confidential Information” has the meaning set forth in Section 8.1.1.

“Confirming Estoppel” has the meaning set forth in Section 8.11.

“Contracts” means, collectively, the Equipment Leases and the Assigned Operating Agreements.

“Cost Sharing Agreement” means that certain Residence Club & Hotel Cost Sharing Agreement, dated February 28, 2005, now by and between Leasehold Seller and Four Seasons Resort Club Management, Inc.

“Cut-Off Time” has the meaning set forth in Section 11.2.

“Data Room Web Site” has the meaning set forth in Section 4.1.3.

“Deed” has the meaning set forth in Section 10.3.1(b).

“Deloitte” has the meaning set forth in Section 8.12.

“Deposit” means, at the time in question, the amounts then deposited with Escrow Agent in respect of the Initial Deposit, together with all interest and any other amounts earned thereon.

“Deposit Escrow Agreement” has the meaning set forth in Section 3.2.

“Determination” has the meaning set forth in Section 3.4.2.

“Effective Date” has the meaning set forth in the Introductory Paragraph hereof.

“Employee Plans” means all plans and programs maintained by any employer for the health, welfare or benefit of any Employees and/or their respective spouses, dependents or other qualified beneficiaries, including, without limitation, any employee plans maintained pursuant to Section 401(k) of the Code.

“Employee PTO” means, with respect to any Employee, the salary and wages which such Employee is entitled to receive as of the time in question for any unused personal time off for vacation, together with all employment taxes with respect thereto, including, without limitation, any withholding and employer contributions required under Applicable Law, but expressly excluding sick days and other personal days.

“Employees” means, at the time in question, all persons employed by the Manager full time or part time at the Property.

“Environmental Claims” means all claims for reimbursement, remediation, abatement, removal, clean up, contribution, personal injury, property damage or damage to natural resources made by any Governmental Authority or other Person arising from or in connection with the (i) presence or actual or potential spill, leak, emission, discharge or release of any Hazardous Substances over, on, in, under or from the Property, or (ii) violation of any Environmental Laws with respect to the Property.

“Environmental Laws” means any Applicable Laws which regulate the manufacture, generation, formulation, processing, use, treatment, handling, storage, disposal, distribution or transportation, or an actual or potential spill, leak, emission, discharge or release of any Hazardous Substances, pollution, contamination or radiation into any water, soil, sediment, air or other environmental media, including, without limitation, (i) the Comprehensive Environmental Response, Compensation and Liability Act, (ii) the Resource Conservation and Recovery Act, (iii) the Federal Water Pollution Control Act, (iv) the Toxic Substances Control Act, (v) the Clean Water Act, (vi) the Clean Air Act, and (vii) the Hazardous Materials Transportation Act, and similar state and local laws, as amended as of the time in question.

“Environmental Liabilities” means all Liabilities and obligations under any Environmental Laws arising from or in connection with the Property, including, without limitation, any obligations to manage, control, contain, remove, remedy, respond to, clean up or abate any actual or potential spill, leak, emission, discharge or release of any Hazardous Substances, pollution, contamination or radiation into any water, soil, sediment, air or other environmental media.

“Equipment Leases” has the meaning set forth in Section 2.1.9.

“Escrow Agent” means Chicago Title Insurance Company, 711 Third Avenue, Suite 700, New York, New York 10017, Attention: Mark Krivelevich (mark.krivelevich@ctt.com).

“Excluded Operating Agreements” has the meaning set forth in Section 2.1.10.

“Excluded Personal Property” has the meaning set forth in Section 2.2.11.

“Excluded Property” has the meaning set forth in Section 2.2.

“Excluded Records” has the meaning set forth in [Section 2.1.13](#).

“Existing Survey” means that certain survey as described on [Schedule 1.1-A](#).

“F&B” has the meaning set forth in [Section 2.1.6](#).

“Fee Seller” has the meaning set forth in the Introductory Paragraph hereof.

“FF&E” has the meaning set forth in [Section 2.1.3](#).

“Final Allocation” has the meaning set forth in [Section 3.4.2](#).

“Final Statement” has the meaning set forth in [Section 11.2.22](#).

“Golf Course Use Agreements” means, collectively (i) that certain Golf Course Use Agreement, dated January 31, 1996, by and among Troon North Golf Company, an Arizona corporation, PR Hotel, LLC, an Arizona limited liability company, and PR Resort Club, LLC, an Arizona limited liability company, recorded March 29, 1996, in Recording No. 96-0217094 of the Clerk’s Office, as amended by that certain First Amendment to Golf Course Use Agreement, dated January 30, 1998, by and among PR Hotel, LLC, an Arizona limited liability company, PR Resort Club, LLC, an Arizona limited liability company, and Troon North Golf Company, an Arizona corporation, recorded February 3, 1998, in Recording No. 98-0085156 of the Clerk’s Office, and (ii) that certain Golf Course Use Allocation Agreement, dated July 9, 1999, by and among PR Hotel, LLC, an Arizona limited liability company, PR Resort Club, LLC, an Arizona limited liability company, and Resort Club Scottsdale at Troon North Owner’s Association (as partial successor-in-interest to PR Resort Club, LLC, pursuant to that certain Assignment of Golf Course Use Allocation Agreement, dated December 28, 1999, recorded January 14, 2000, in Recording No. 00-0034050 of the Clerk’s Office), recorded July 9, 1999, in Recording No. 99-0655185 of the Clerk’s Office.

“Government Official” means any Person who is a candidate for public office or is an employee of, official of, or acts in an official capacity on behalf of, any (1) Governmental Authority, (2) public international organization, (3) state-owned or controlled enterprise or (4) political party.

“Governmental Authority” means any federal, state or local government or other political subdivision thereof, including, without limitation, any Person exercising executive, legislative, judicial, regulatory or administrative governmental powers or functions, in each case to the extent the same has jurisdiction over the Person or property in question.

“Guest Ledger” means all proper charges accrued to the open accounts of any guests or customers at the Hotel as of the Cut-Off Time for the use or occupancy of any guest, conference or banquet rooms or other facilities at the Property, any restaurant, bar or banquet services, or any other goods or services provided by or on behalf of Seller at the Property.

“Hazardous Substances” means any hazardous or toxic substances, materials or waste, whether in solid, semisolid, liquid or gaseous form, including, without limitation, mold, asbestos, petroleum or petroleum by products and polychlorinated biphenyls.

“HMA Amendment” means an amendment, side letter, supplement, agreement or other instrument (or any combination of the foregoing) affecting the Hotel Management Agreement (which may be personal to Purchaser and non-transferrable), which either (i) is substantially in the form attached hereto as [Exhibit N](#), together with such changes as Manager may reasonably request and acceptable to Purchaser, or (ii) is in any other form that is provided by, or acceptable

to, Manager and Purchaser, and, in substance, provides for at least the following: (x) the continued employment of the Employees by Manager during the term of Purchaser's ownership of the Hotel, (y) an acknowledgment that Purchaser (and/or its Affiliate who assumes the Hotel Management Agreement) is permitted to utilize an "operating lease" structure with respect to the Property subject to the Hotel Management Agreement, in connection with the real estate investment trust status of Purchaser and/or its Affiliates, and (z) reasonable measures of cooperation by Manager, at no cost to Manager, in assisting Purchaser in maintaining REIT status.

"HMA Documents" means the documents set forth on [Schedule 1.1-B](#).

"Hotel" has the meaning set forth in the recitals.

"Hotel Facilities Agreement" means that certain Hotel Facilities License Agreement, dated February 28, 2005, between Leasehold Seller (as successor-in-interest to PR Hotel, LLC, an Arizona limited liability company) and PR Resort Club, LLC, an Arizona limited liability company, dated February 28, 2005, a memorandum of which was recorded on July 13, 2005, in Recording No. 20050963340 of the Clerk's Office.

"Hotel Guest Data and Information" means all guest or customer profiles, contact information (e.g., addresses, phone numbers, facsimile numbers and email addresses), histories, preferences and any other guest or customer information in any database of Seller or any Seller Entity, whether obtained or derived by Seller, Manager or any of their Affiliates from: (a) guests or customers of the Hotel or any facility associated with the Hotel; (b) guests or customers of any other hotel or lodging property (including any condominium or interval ownership properties) owned, leased, operated, licensed or franchised by Seller, Manager or any of their Affiliates, or any facility associated with such hotels or other properties (including restaurants, golf courses and spas); or (c) any other sources and databases.

"Hotel Management Agreement" means that certain Hotel Management Agreement, dated March 29, 1996, by and between Manager and PR Hotel, LLC, an Arizona limited liability company, as amended by (i) that certain First Amendment to Hotel Management Agreement, dated December 22, 1999, by and between Manager and PR Hotel, LLC, an Arizona limited liability company, (ii) that certain Second Amendment to Hotel Management Agreement, dated February 28, 2005, by and between Manager and PR Hotel, LLC, an Arizona limited liability company, (iii) that certain Third Amendment to Hotel Management Agreement, dated as of September 1, 2010, by and between Manager and Walton PR Hotel III, L.L.C., a Delaware limited liability company, (iv) that certain Fourth Amendment to Hotel Management Agreement, dated December 23, 2013, by and between Manager and Walton PR Hotel III, L.L.C., a Delaware limited liability company, and (v) Fifth Amendment to Hotel Management Agreement, dated as of May 26, 2020, by and between Manager and Leasehold Seller.

"Improvements" has the meaning set forth in [Section 2.1.2](#).

"Indemnification Claim" has the meaning set forth in [Section 15.5.1](#).

"Indemnification Cure Right" has the meaning set forth in [Section 13.2](#).

"Indemnification Loss" means, with respect to any Indemnatee, any actual (and not contingent) liability, damage, loss, cost or expense, including, without limitation, reasonable attorneys' fees and expenses and court costs, incurred by such Indemnatee as a result of the act, omission or occurrence in question.

"Indemnatee" has the meaning set forth in [Section 15.5.1](#).

**"Indemnitor"** has the meaning set forth in [Section 15.5.1](#).

**"Initial Closing Date"** has the meaning set forth in [Section 10.1](#).

**"Initial Deposit"** has the meaning set forth in [Section 3.2](#).

**"Initial Tax Clearance Certificate"** has the meaning set forth in [Section 8.13.1](#).

**"Inspections"** has the meaning set forth in [Section 4.1.2](#).

**"Intellectual Property"** has the meaning set forth in [Section 2.1.12](#).

**"Inventoried Baggage"** has the meaning set forth in [Section 12.2](#).

**"Inventoried Safe Deposit Box"** has the meaning set forth in [Section 12.1](#).

**"IT Systems"** has the meaning set forth in [Section 2.1.5](#).

**"Knowledge"** means (i) with respect to Seller, the actual knowledge of Andre Zottoff, Chief Executive Officer, Shelly Curtright, SVP, Accounting & Financial Reporting, and Sana Lee, Vice President, Legal, in each case after reasonable inquiry of the general manager of the Hotel, but expressly excluding the knowledge of any other shareholder, partner, member, trustee, beneficiary, director, officer, manager, employee, agent or representative of Seller or any of its Affiliates; and (ii) with respect to Purchaser, (A) the actual knowledge of Richard Stockton, Alex Rose and Mark Nunneley, but expressly excluding the knowledge of any other shareholder, partner, member, trustee, beneficiary, director, officer, manager, employee, agent or representative of Purchaser or any of its Affiliates, (B) any matter disclosed in any exhibits or schedules to this Agreement, (C) any matter disclosed in any Seller Due Diligence Materials or any other documents or materials provided by any Seller Entity to Purchaser prior to the Closing Date and (D) any matter disclosed by the Inspections or in the Purchaser Due Diligence Reports. For the purposes of this definition, the term "actual knowledge" means, with respect to any person, the conscious awareness of such person at the time in question, and expressly excludes any constructive or implied knowledge of such person.

**"Land"** has the meaning set forth in [Section 2.1.1](#).

**"Leasehold Seller"** has the meaning set forth in the Introductory Paragraph hereof.

**"Liability"** means any liability, obligation, damage, loss, cost or expense of any kind or nature whatsoever, whenever arising, whether accrued or unaccrued, actual or contingent, known or unknown, foreseen or unforeseen.

**"Licenses and Permits"** has the meaning set forth in [Section 2.1.11](#).

**"Liquor License Holder"** means FS Supervision, Inc., an Affiliate of the Manager.

**"Liquor Licenses"** has the meaning set forth in [Section 8.3](#).

**"Manager"** means Four Seasons Hotels Limited, a corporation incorporated under the laws of the Province of Ontario, Canada.

**"Manager Agreements"** means any contract or agreement relating to the Property to which Manager, but not Seller, is a party, together with all deposits made or held on behalf of Seller thereunder, including, without limitation, all maintenance, repair, improvement, service

and supply contracts, booking and reservation agreements, credit card service agreements, leases and purchase money security agreements for any equipment, machinery, vehicles, furniture or other personal property, and all other agreements for goods or services.

“Material Casualty” has the meaning set forth in [Section 14.1.1](#).

“Material Condemnation” has the meaning set forth in [Section 14.2.1](#).

“Material Contract” means any Contract requiring aggregate annual payments in excess of One Hundred Fifty Thousand and 00/100 Dollars (\$150,000.00) for any year during the term of such Contract after the Closing, but expressly excluding any such Contracts entered into by Manager with respect to the Property for which Seller has no approval rights under the HMA Documents.

“Materiality Threshold” has the meaning set forth in [Section 16.14](#).

“Monetary Encumbrances” has the meaning set forth in [Section 5.3.1](#).

“Mutual Closing Condition” has the meaning set forth in [Section 9.1.1](#).

“New Disclosure” has the meaning set forth in [Section 16.14](#).

“New Ongoing Work Contracts” has the meaning set forth in [Section 11.5.2](#).

“New Survey Defect” has the meaning set forth in [Section 5.3.3](#).

“New Title and Survey Election Notice” has the meaning set forth in [Section 5.3.3](#).

“New Title and Survey Objection Notice” has the meaning set forth in [Section 5.3.3](#).

“New Title and Survey Response Notice” has the meaning set forth in [Section 5.3.3](#).

“New Title Exception” has the meaning set forth in [Section 5.3.3](#).

“Notice” has the meaning set forth in [Section 16.1.1](#).

“Ongoing Work” has the meaning set forth in [Section 11.5.1](#).

“Ongoing Work Contracts” has the meaning set forth in [Section 7.1.23](#).

“Operating Agreements” means any contract or agreement relating to the Property to which Seller is a party (whether or not Manager is also a party thereto), together with all deposits made or held by or on behalf of Seller thereunder, including, without limitation, all maintenance, repair, improvement, service and supply contracts, booking and reservation agreements, credit card service agreements, letter agreements, consent agreements, amenity use agreements, and all other agreements for goods, services or the operation of amenities at the Real Property, in each case other than the Tenant Leases, the HMA Documents, the Manager Agreements, the Revenue Sharing Agreement, the Cost Sharing Agreement, the Hotel Facilities Agreement, Equipment Leases, and Licenses and Permits.

“Operating Lease” means that certain Lease Agreement, dated as of December 11, 2014, by and between Fee Seller, as landlord, and Leasehold Seller, as tenant, as amended and as may be further amended, modified, or amended and restated from time to time.



“Ordinary Course of Business” means the ordinary course of business consistent with the HMA Documents and (i) with respect to Seller, Seller’s past custom and practice for the asset management of the Property, or (ii) with respect to Manager, Manager’s past custom and practice for the operation of the Property, in each case taking into account the facts and circumstances in existence from time to time, including, without limitation, any Public Health Measures.

“Outside Survival Date” means the earlier of (i) the sixth (6th) anniversary of the Closing, and (ii) the date on which the Real Property is no longer owned by a Person (x) at least fifty (50%) of the ownership interests of which are directly or indirectly owned by Purchaser Parent and (y) that is controlled by Purchaser Parent.

“Party” or “Parties” has the meaning set forth in the Introductory Paragraph hereof.

“Permitted Exceptions” has the meaning set forth in Section 5.3.2.

“Person” means any natural person, corporation, general or limited partnership, limited liability company, association, joint venture, trust, estate, Governmental Authority or other legal entity, in each case whether in its own or a representative capacity.

“Personal Property” has the meaning set forth in Section 2.1.2.

“Plans and Specifications” has the meaning set forth in Section 2.1.14.

“Post-Closing Tax Clearance Certificate” has the meaning set forth in Section 8.13.2.

“Privilege Tax Return” has the meaning set forth in Section 8.13.1.

“Property” has the meaning set forth in Section 2.1.

“Proposed Allocation” has the meaning set forth in Section 3.4.1.

“Prorations” has the meaning set forth in Section 11.2.

“Public Health Measures” means any measures taken by the Seller or the Manager in its sole discretion with respect to any quarantine, “shelter in place,” “stay at home,” workforce reduction, social distancing, curfew, shut down, closure, sequester, safety or similar law, directive, pronouncement, guidelines or recommendations promulgated or taken by any industry group or any Governmental Authority, including the Centers for Disease Control and Prevention and the World Health Organization, or otherwise to protect any Employees or guests of the Hotel, in each case in connection with, or in response to, any public health emergency, epidemic, pandemic (including, without limitation, the novel coronavirus (SARS-CoV-2 or COVID-19)), or outbreak.

“Purchase Price” has the meaning set forth in Section 3.1.

“Purchaser” has the meaning set forth in the Introductory Paragraph hereof.

“Purchaser Closing Condition Failure” has the meaning set forth in Section 13.2.

“Purchaser Closing Conditions” has the meaning set forth in Section 9.2.1.

“Purchaser Closing Deliveries” has the meaning set forth in Section 10.3.2.

“Purchaser Default” has the meaning set forth in Section 13.3.

"Purchaser Documents" has the meaning set forth in [Section 7.2.2](#).

"Purchaser Due Diligence Reports" has the meaning set forth in [Section 4.1.4](#).

"Purchaser Indemnitees" means Purchaser and its Affiliates, and each of their respective shareholders, members, partners, trustees, beneficiaries, directors, officers and employees, and the successors, permitted assigns, legal representatives, heirs and devisees of each of the foregoing.

"Purchaser Parent" means Braemar Hospitality Limited Partnership, a Delaware limited partnership.

"Purchaser's Inspectors" has the meaning set forth in [Section 4.1.2](#).

"Real Property" has the meaning set forth in [Section 2.1.2](#).

"Reserves" means the reserves/accounts held by Manager pursuant to the HMA Documents.

"Retail Merchandise" has the meaning set forth in [Section 2.1.7](#).

"Retained Liabilities" means the following Liabilities: (i) the payment of any amounts due and payable, or accrued but not yet due or payable, and/or breach of any of Seller's obligations, prior to the Closing Date, under the HMA Documents, the Tenant Leases, the Equipment Leases, the Assigned Operating Agreements, the Licenses and Permits, the Revenue Sharing Agreement, the Cost Sharing Agreement, the Hotel Facilities Agreement, the Golf Course Use Agreements, the Tennis License Agreement, the CC&R's, the Condominium Documents and the Ongoing Work Contracts, unless Purchaser receives or is entitled to receive a credit for such Liabilities under [Section 11.2](#), (ii) the payment of all Taxes with respect to the Property that are due and payable, or accrued but not yet due or payable, prior to the Closing Date, except to the extent Purchaser receives or is entitled to receive a credit for such Taxes under [Section 11.2](#), and excluding any transfer, recordation, sales, use or similar taxes payable in connection with the conveyance of the Property, (iii) any claim for personal injury to or property damage suffered by a Person (other than any Purchaser Indemnitee) which injury or damage occurred prior to the Closing Date and is based on any event, circumstance or condition which occurred at the Property or in connection with the operation of the such Borrowing Base Property during such period pro-rated as appropriate (including real estate taxes, but excluding any management fees, debt service charges, income taxes, depreciation, amortization and other non-cash expenses), and (ii) a base management fee that is the period greater of Seller's ownership three percent (3.0%) of the aggregate revenues from the operations of such Borrowing Base Property (iv) any civil during such period or criminal liability, fee, fine or penalty payable to Manager or any other Person (other than a Purchaser Indemnitee) based on any event, circumstance or condition which occurred at actual management fees paid and (iii) an annual replacement reserve that is the greater of four percent (4.0%) of the aggregate revenues from the operations of such Borrowing Base Property or in connection with the operation of the Property, in each case during the period of Seller's ownership of the Property, except actual amount contributed to the extent Purchaser receives or is entitled to receive a credit replacement reserve during such period for such Liability under [Section 11.2](#), and (v) the Operating Lease, the Excluded Operating Agreements and the deposits held thereunder.

"Revenue Sharing Agreement" means that certain Residence Club Rental Revenue Sharing Agreement, dated February 28, 2005, between Leasehold Seller (as successor-in-interest to PR Hotel, LLC, an Arizona limited liability company) and PR Resort Club, LLC, an Arizona limited liability company.

"Sanction and Anti-Corruption Laws" means (i) all laws that prohibit or restrict Seller or Purchaser or their respective Affiliates, as the case may be, from doing business with certain Persons, or could subject Purchaser, Seller or their respective Affiliates, as the case may be, to any civil, criminal, regulatory,

administrative or other action of a governmental authority (including fines, penalties, sanctions, loss of approvals, seizure or confiscation of assets or **Borrowing Base Property**.

10

2230752.03F-NYCSR03A - MSW

interests or similar liability or action) for doing business with certain Persons (including on the Effective Date those laws published at [www.ustreas.gov/offices/enforcement/ofac](http://www.ustreas.gov/offices/enforcement/ofac)), (ii) the U.S. Foreign Corrupt Practices Act and all

**3. Amendments to other laws that prohibit the making or receiving of bribes or other inappropriate payments and (iii) all gaming regulations and gaming compliance reviews.**

**"SEC"** means the Securities and Exchange Commission.

**"Seller"** has the meaning set forth in the Introductory Paragraph hereof.

**"Seller Closing Conditions"** has the meaning set forth in [Section 9.3.1](#).

**"Seller Closing Deliveries"** has the meaning set forth in [Section 10.3.1](#).

**"Seller Cure Period"** has the meaning set forth in [Section 13.2](#).

**"Seller Default"** has the meaning set forth in [Section 13.1](#).

**"Seller Documents"** has the meaning set forth in [Section 7.1.2](#).

**"Seller Due Diligence Materials"** has the meaning set forth in [Section 4.1.3](#).

**"Seller Entity"** means Seller and/or any of its Affiliates, as applicable.

**"Seller Indemnitees"** means Seller and its Affiliates, and each of their respective shareholders, members, partners, trustees, beneficiaries, directors, officers and employees, and the successors, permitted assigns, legal representatives, heirs and devisees of each of the foregoing.

**"Seller's Possession"** means in the physical possession or control of any officer or employee of any Seller Entity or which Seller is entitled to receive under the HMA Documents or Operating Agreements; provided, however, that any reference in this Agreement to Seller's Possession of any documents or materials expressly excludes the possession of any such documents or materials that (i) are legally privileged or constitute attorney work product, (ii) are subject to a confidentiality agreement or to Applicable Law prohibiting their disclosure by any Seller Entity, or (iii) constitute confidential internal assessments, reports, studies, memoranda, notes or other correspondence prepared by or on behalf of any officer or employee of any Seller Entity.

**"Supplies"** has the meaning set forth in [Section 2.1.4](#).

**"Survival Period"** has the meaning set forth in [Section 15.1.1](#).

**"Taxes"** means any federal, state, local or foreign, real property, personal property, sales, use, room, occupancy, ad valorem or similar taxes, Transaction Privilege Taxes, assessments, levies, charges or fees imposed by any Governmental Authority on Purchaser or Seller with respect to the Property or the operation thereof, including, without limitation, any interest, penalty or fine with respect thereto, but expressly excluding any federal, state, local or foreign income, capital gain, gross receipts, capital stock, franchise, profits, estate, gift or generation skipping tax.

**"Tenant"** means a Person who is granted the right to use or occupy any portion of the Real Property under a Tenant Lease.

“Tenant Leases” has the meaning set forth in [Section 2.1.8](#).

11

2230752.03F-NYCSR03A - MSW

“Tennis License Agreement” means that certain Tennis Facilities License Agreement, dated December 15, 1999, by and between PR Hotel, LLC, an Arizona limited liability company, and Resort Club Scottsdale at Troon North Owners Association, Inc., an Arizona non-profit corporation, recorded January 14, 2000, in Recording No. 00-00032108 of the Clerk’s Office.

“Third-Party Claim” means, (i) with respect to any Seller Indemnatee, any claim, demand, lawsuit, arbitration or other legal or administrative action or proceeding against such Seller Indemnatee by any Person which is not Purchaser or an Affiliate of Purchaser, and (ii) with respect to any Purchaser Indemnatee, any claim, demand, lawsuit, arbitration or other legal or administrative action or proceeding against such Purchaser Indemnatee by any Person which is not Seller or an Affiliate of Seller.

“Threshold” has the meaning set forth in [Section 15.4.2](#).

“Title Commitment” means that certain title commitment as described on [Schedule 1.1-A](#).

“Title Company” means Chicago Title Insurance Company, 711 Third Avenue, Suite 700, New York, New York 10017, Attention: Mark Krivelevich (mark.krivelevich@ctt.com).

“Title Exceptions” has the meaning set forth in [Section 5.1.1](#).

“Title Policy” has the meaning set forth in [Section 5.4](#).

“Title Report Update” has the meaning set forth in [Section 5.3.3](#).

“Trade Payables” has the meaning set forth in [Section 11.2.15](#).

“Transaction Privilege Taxes” means excise and transaction privilege taxes for the State of Arizona, Maricopa County, and City of Scottsdale.

“Uniform System of Accounts” has the meaning set forth in [Section 2.1.4](#).

“Unit” means “Unit 114”, as defined in the Condominium Documents and more particularly described on [Schedule 2.1.1](#).

“Unpermitted Exceptions” has the meaning set forth in [Section 5.3.1](#).

“Unresolved Items” has the meaning set forth in [Section 11.2.22](#).

“Updated Survey” means an update to the Existing Survey (or any new survey) ordered and paid for solely by Purchaser and completed and obtained by Purchaser.

“Warranties” has the meaning set forth in [Section 2.1.15](#).

## ARTICLE II

### THE PROPERTY AND LIABILITIES

**2.1 Description of the Property.** Subject to the terms set forth in this Agreement, at the Closing, Seller shall sell, convey, transfer, assign and deliver to Purchaser, and Purchaser shall purchase and accept from Seller, all right, title and interest of Seller in and to the property and assets set forth in this [Section 2.1](#), but expressly excluding the Excluded Property (collectively, the “Property”):

2.1.1. **Land.** Fee simple title in and to (i) those certain parcels of land, (ii) the Unit, and (iii) those certain easement rights, each as more particularly described on Schedule 2.1.1 (collectively, the "**Land**") and all other easements, rights of way, privileges, covenants, common interests and other rights appurtenant to the Land;

2.1.2. **Improvements.** All buildings, structures and improvements located on or affixed to the Land and all fixtures on the Land which constitute real property under Applicable Law (the "**Improvements**"; the Land and the Improvements are referred to collectively herein as the "**Real Property**"; all Property other than the Real Property is referred to collectively herein as the "**Personal Property**");

2.1.3. **FF&E.** All fixtures (other than those which constitute Improvements), furniture, furnishings, equipment, machinery, tools, vehicles, appliances, art work and other items of tangible personal property which are located on the Real Property, or ordered for future use at the Property as of the Closing, other than the Supplies, IT Systems, F&B, Retail Merchandise, Books and Records and Plans and Specifications (the "**FF&E**");

2.1.4. **Supplies.** All items included within the definition of "Property and Equipment" under the Uniform System of Accounts for the Lodging Industry, Eleventh Revised Edition, 2014 published by the American Hotel & Lodging Association (the "**Uniform System of Accounts**"), including, without limitation, china, glassware and silverware, linens, uniforms, matches and ashtrays, soap and other toiletries, menus, directories and other printed materials, and all other similar supplies and materials, which are located at the Property or ordered for future use at the Property as of the Closing and all "Inventories" as defined in the Uniform System of Accounts and used in the operation of the Property or ordered for future use at the Property, such as provisions in storerooms, refrigerators, pantries and kitchens, beverages in wine cellars and bars, other merchandise intended for sale or resale, fuel, mechanical supplies, stationary, guest supplies, maintenance and housekeeping supplies and other expensed supplies and similar items, whether in opened or unopened containers or ordered for future use (collectively, the "**Supplies**");

2.1.5. **IT Systems.** All computer hardware, telecommunications and information technology systems located at the Property, and all computer software used at the Property (subject to the terms of the applicable license agreement), to the extent the same are transferable or the Parties obtain any consent necessary to effectuate such a transfer (the "**IT Systems**");

2.1.6. **Food and Beverage.** All food and beverages (alcoholic and non-alcoholic), subject to such depletion and resupply as shall occur and be made in the Ordinary Course of Business, which are located at the Property (whether opened or unopened), whether issued to the food and beverage department or held in reserve storage, or ordered for future use at the Property as of the Closing, including, without limitation, all food and beverages located in the guest rooms, but expressly excluding any alcoholic beverages to the extent the sale or transfer of the same is not permitted under Applicable Law (the "**F&B**");

2.1.7. **Retail Merchandise.** All merchandise located at the Property and held for sale to guests and customers of the Property, or ordered for future sale at the Property as of the Closing, including, without limitation, the inventory held for sale in any gift shop, pro shop or newsstand operated by Fee Seller, Leasehold Seller or Manager at the Property, but expressly excluding the F&B (the "**Retail Merchandise**");

2.1.8. **Tenant Leases.** All leases, subleases, licenses, concessions and similar agreements granting to any other Person the right to use or occupy any portion of the Real Property, other than the Operating

Lease, HMA Documents, Bookings and Hotel Facilities Agreement, and as listed on Schedule 2.1.8, together with all security deposits (to the extent such

13

2230752.03F-NYCSR03A - MSW

deposits are transferable or subject to providing a credit therefor pursuant to Article XI) held by Fee Seller or Leasehold Seller thereunder (the "Tenant Leases");

2.1.9. Equipment Leases. All leases and purchase money security agreements for any equipment, machinery, vehicles, furniture or other personal property located at the Property which are held by or on behalf of Fee Seller or Leasehold Seller and listed on Schedule 2.1.9, together with all deposits (to the extent such deposits are transferable or subject to providing a credit therefor pursuant to Article XI) made by or on behalf of Fee Seller or Leasehold Seller thereunder (the "Equipment Leases");

2.1.10. Assigned Operating Agreements. Other than the Operating Agreements listed on Schedule 2.1.10 (the "Excluded Operating Agreements") and the deposits held thereunder, all Operating Agreements and the deposits (to the extent such deposits are transferable or subject to providing a credit therefor pursuant to Article XI) held thereunder (the "Assigned Operating Agreements");

2.1.11. Licenses and Permits. All licenses, permits, consents, authorizations, approvals, registrations and certificates issued by any Governmental Authority which are held by or on behalf of Fee Seller or Leasehold Seller with respect to the Property, including, without limitation, the use or occupancy of the Property or operation of the Property as listed on Schedule 2.1.11, together with any deposits (to the extent such deposits are transferable or subject to providing a credit therefor pursuant to Article XI) made by Fee Seller or Leasehold Seller thereunder (the "Licenses and Permits"), but only to the extent transferred or transferable pursuant to Section 8.3;

2.1.12. Intellectual Property. All trademarks, trade names, service marks, logos, websites, domain names, uniform resource locators (URLs), social media channels, digital photography, images, videos, designs and other forms of identification and/or intellectual property used to identify the Property or any of its facilities or used in connection with the operation of the Property and all telephone numbers and facsimile numbers (the "Intellectual Property");

2.1.13. Books and Records. All books and records located at the Property which relate exclusively to the ownership or operation of the Property (the "Books and Records"), but expressly excluding (a) Manager's interest in the Property Guest Data and Information, and (b) all documents and other materials which (i) are legally privileged or constitute attorney work product, (ii) are subject to an Applicable Law or a confidentiality agreement prohibiting their disclosure by any Seller Entity, or (iii) constitute confidential internal assessments, reports, studies, memoranda, notes or other correspondence prepared by or on behalf of any officer or employee of any Seller Entity, including, without limitation, all (A) internal financial analyses, appraisals, tax returns, financial statements, (B) corporate or other entity governance records, (C) Employee personnel files and (D) any work papers, memoranda, analysis, correspondence and similar documents and materials prepared by or for any Seller Entity in connection with the transaction described in this Agreement (the "Excluded Records");

2.1.14. Plans and Specifications. All plans and specifications, blue prints, architectural plans, engineering diagrams and similar items located at the Property which relate exclusively to the Property, to the extent the same are transferable (the "Plans and Specifications");

2.1.15. Warranties. All warranties and guaranties held by or on behalf of Fee Seller or Leasehold Seller with respect to any Improvements or Personal Property, to the extent the same are transferable or the

Parties obtain any consent necessary to effectuate such a transfer (the “Warranties”);

14

2230752.03F-NYCSR03A - MSW

2.1.16. **Bookings.** All bookings and reservations for guest rooms, conference rooms, meeting spaces, recreational facilities, banquet rooms and other facilities at the Property as of the Closing (the “Bookings”), together with all deposits held by or on behalf of Fee Seller or Leasehold Seller with respect thereto (provided that Seller may, in lieu of transferring such deposits to Purchaser, provide a credit with respect to such deposits pursuant to Section 11.2.12);

2.1.17. **Accounts Receivable.** Accounts Receivable (including the Guest Ledger) as set forth in Section 11.3;

2.1.18. **HMA Documents.** The HMA Documents, subject to and in accordance with the terms and conditions of the HMA Documents;

2.1.19. **Hotel Facilities Agreement.** The Hotel Facilities Agreement, subject to and in accordance with the terms and conditions of the Hotel Facilities Agreement;

2.1.20. **Revenue Sharing Agreement.** The Revenue Sharing Agreement, subject to and in accordance with the terms and conditions of the Revenue Sharing Agreement;

2.1.21. **Ongoing Work Contracts.** The Ongoing Work Contracts and related agreements associated with the Ongoing Work, subject to and in accordance with Section 11.5; and

2.1.22. **Cost Sharing Agreement.** The Cost Sharing Agreement, subject to and in accordance with the terms and conditions of the Revenue Sharing Agreement.

**2.2 Excluded Property.** Notwithstanding anything to the contrary in Section 2.1, the property, assets, rights and interests set forth in this Section 2.2 (the “Excluded Property”) shall not be transferred, assigned or conveyed to Purchaser, and shall be excluded from the Property:

2.2.1. **Cash.** The balances of all cash and securities and other cash equivalent interests held by or on behalf of Fee Seller or Leasehold Seller or by the Manager for the benefit of Fee Seller, Leasehold Seller or the Property and deposited, held or contained in any account, bank or vault, including, without limitation, any cash held in reserves maintained by Fee Seller or Leasehold Seller or by the Manager, but (i) cash credited to the Purchaser pursuant to Section 11.2, and (ii) cash held in the Reserves (subject to Seller’s right to a credit therefor under Section 11.2.5), shall not be excluded;

2.2.2. **Third-Party Property.** Any fixtures, personal property or intellectual property owned by (i) the lessor under any Equipment Leases, (ii) the supplier, vendor, franchisor, licensor or other party under any Operating Agreements or Licenses and Permits, (iii) the tenant under any Tenant Leases, (iv) the Manager, (v) any Employees, (vi) any guests or customers of the Property, (vii) the Liquor License Holder, (viii) the owners and occupants of any unit owners under the Condominium Documents other than Leasehold Seller or Fee Seller, (ix) any parties other than Seller under the Golf Course Use Agreements, the Tennis License Agreement, the Hotel Facilities Agreement or the Revenue Sharing Agreement, (x) any parties under the Manager Agreements, and (xi) subject to the terms of the Condominium Documents, the Condominium Board.

2.2.3. **Excluded Manager Property.** The personal property or other assets of Manager or its Affiliates described in the HMA Documents, including, without limitation, any right, title or interest of Manager in the

items described in Section 2.1;

2.2.4. Insurance Claims. Any insurance claims or proceeds arising out of or relating to events that occur prior to the Closing Date subject to the terms of Section 15.1;

15

2230752.03F-NYCSR03A - MSW

2.2.5. Additional Reserved Seller Assets. Corporate files and records owned by Fee Seller, Leasehold Seller and Affiliates of Seller and located at the Property but not directly related to the ownership or operation of the Property, any proprietary or confidential materials (including any materials relating to the background or financial condition of a present or prior direct or indirect partner or member of Fee Seller or Leasehold Seller), the internal books and records of Fee Seller or Leasehold Seller relating, for example, to contributions and distributions prior to the Closing;

2.2.6. Excluded Records. All Excluded Records whether or not located at the Property;

2.2.7. Excluded Operating Agreements. The Excluded Operating Agreements and all deposits held thereunder;

2.2.8. Licenses and Permits. The Licenses and Permits to the extent not transferred and transferable pursuant to Section 8.3;

2.2.9. Liquor License. The Liquor License, which shall continue to be held by the Liquor License Holder;

2.2.10. Operating Lease. The Operating Lease and the leasehold interest of Leasehold Seller in and to the Real Property demised thereby, which Operating Lease shall be terminated at or before Closing at Seller's sole cost, expense and liability; and

2.2.11. Excluded Personal Property. The personal property set forth on Schedule 2.2.11 (collectively, the "Excluded Personal Property").

### **ARTICLE III**

#### **PURCHASE PRICE**

3.1 Purchase Price. The purchase price for the Property is Two Hundred Sixty-Seven Million Eight Hundred Thousand and 00/100 Dollars (\$267,800,000.00) (the "Purchase Price"), which shall be adjusted at Closing for the Prorations pursuant to Section 11.2, the Accounts Receivable pursuant to Section 11.3, the Ongoing Work pursuant to Section 11.5, and as otherwise expressly provided in this Agreement.

3.2 Deposit. Purchaser has, on or prior to the execution and delivery of this Agreement by the Parties, deposited with Escrow Agent the amount of Twenty-Six Million Seven Hundred Eighty Thousand and 00/100 Dollars (\$26,780,000.00) (the "Initial Deposit"). The Initial Deposit shall be held by Escrow Agent in escrow as earnest money pursuant to the escrow agreement attached hereto as Exhibit A, dated as of the date hereof, by and among Seller, Purchaser and Escrow Agent (the "Deposit Escrow Agreement"). The Deposit shall be returned to Purchaser, applied to the Purchase Price, or released to Seller as expressly provided in this Agreement and the Deposit Escrow Agreement.

#### **3.3 Payment of Purchase Price**

3.3.1. Payment at Closing. At Closing, Purchaser shall pay to Seller an amount equal to the Purchase Price (as adjusted pursuant to Section 3.1), less the Deposit disbursed by Escrow Agent to Seller.



Purchaser shall cause all funds due to Seller (including, without limitation, the Deposit) to be delivered to Escrow Agent and cause Escrow Agent to deliver such funds to Seller by wire transfer in either case no later than 4:00 p.m. (Eastern Time) on the Closing Date.

16

2230752.03F-NYCSR03A - MSW

**3.3.2. Method of Payment.** All amounts to be paid by Purchaser to Seller pursuant to this Agreement shall be paid by wire transfer of immediately available U.S. federal funds.

### **3.4 Allocation of Purchase Price.**

**3.4.1. Agreement on Allocation of Purchase Price.** No less than ten (10) Business Days prior to the Closing Date, Seller shall provide to Purchaser an allocation of the Purchase Price for federal, state and local tax purposes (in accordance with the rules of Section 1060 of the Code and the Treasury Regulations promulgated thereunder and any similar provision of state or local law) among the Property (the "Proposed Allocation"). The Proposed Allocation shall become final and binding upon the Closing, unless Purchaser first objects in good faith in writing. In that case, Purchaser and Seller shall negotiate in good faith to agree upon any disputed items. If the Parties cannot agree on an allocation of the Purchase Price within thirty (30) calendar days after the Closing, each such Party may use its own allocation of the Purchase Price, as each shall deem appropriate.

**3.4.2. Filings.** If the Parties agree on an allocation of the Purchase Price (the "Final Allocation"), the Parties shall (a) cooperate in the filing of any forms (including Internal Revenue Service Form 8594 under Section 1060 of the Code) with respect to the Final Allocation, including any amendments to such forms required pursuant to this Agreement with respect to any adjustments to the Purchase Price, and (b) file all federal, state and local tax returns and related tax documents consistent with such Final Allocation, as the same may be adjusted pursuant to Article XI or any other provision in this Agreement, and not take any position inconsistent with such allocation unless otherwise required by any audit adjustment by, or closing agreement with, the Internal Revenue Service, a decision, judgment, decree or other order by any court of competent jurisdiction (each, a "Determination").

## **ARTICLE IV PURCHASER'S DILIGENCE**

### **4.1 Due Diligence.**

**4.1.1. No Due Diligence Period.** Purchaser acknowledges that, prior to the Effective Date, Purchaser performed and completed any and all examinations, evaluations, analyses, appraisals, inspections, reviews of files and documents, testing, studies and/or investigations of the Property, in each case, to the extent that Purchaser deemed necessary or advisable in order for Purchaser to make a decision whether or not to consummate the transactions contemplated by this Agreement, and Purchaser has elected to proceed with such transactions pursuant to the terms hereof.

**4.1.2. Inspections.** Notwithstanding Section 4.1.1, Purchaser and its officers, employees, contractors, consultants, agents or representatives, including those of prospective lenders and investors ("Purchaser's Inspectors") shall have access to the Property in accordance with this Section 4.1.2 prior to the Closing Date; provided, however, that Purchaser shall cause the Purchaser's Inspectors to comply with the provisions regarding Confidential Information set forth in Section 8.1.1. Purchaser and Purchaser's Inspectors shall have the right to perform such examinations, tests, investigations and studies of the Property, including, without limitation, architectural, environmental, economic and other non-invasive studies of the Property (the "Inspections") as Purchaser reasonably deems advisable, in accordance with this Section 4.1.2. Seller shall

provide reasonable access to the Property for Purchaser's Inspectors to perform the Inspections; provided, however, that (i) Purchaser shall provide Seller with at least forty-eight (48) hours' prior notice of each of the Inspections (which notice may be provided by email to Andre Zottoff at azottoff@strategichotels.com); (ii) Seller may elect to have Purchaser's Inspectors accompanied by an employee, agent or representative of Seller; (iii) the Inspections

17

2230752.03F-NYCSR03A - MSW

shall be conducted by Purchaser's Inspectors on a Business Day between 10:00 a.m. and 5:00 p.m. (local time) or other such additional times as agreed upon by Purchaser and Seller; (iv) Purchaser's Inspectors shall not perform any drilling, coring or other invasive testing, without Seller's prior written consent, which consent may be withheld in Seller's sole and absolute discretion; (v) Purchaser's right to perform the Inspections shall be subject to the rights of Manager and tenants, guests and customers at the Property; and (vi) the Inspections shall not unreasonably interfere with the conduct of business at, and/or operation of, the Property, and Purchaser's Inspectors shall comply with Seller's requests with respect to the Inspections to minimize such interference. Without limiting the generality of the foregoing, Purchaser shall have no right to terminate this Agreement, obtain a credit to the Purchase Price or obtain a return of the Deposit except as expressly provided in this Agreement.

#### Loan Documents.

**4.1.3. (a)** Seller's Due Diligence Materials. All references in the Loan Documents to the Credit Agreement shall henceforth include references to the Credit Agreement, as modified and amended hereby, and as may, from time to time, be further amended, modified, extended, renewed, and/or increased.

**(a) Purchaser acknowledges that it has been provided access (b)** Any and all of the terms and provisions of the Loan Documents are hereby amended and modified wherever necessary, even though not specifically addressed herein, so as to certain due diligence materials posted conform to the secure web site located at "https://esi.eastdilsecured.com/?utm\_source=sendgrid.com&utm\_medium=email&utm\_campaign=website#/warrooms/warroomOverview?id=74cdf1ee-40b0-49f6-aa29-f465751cd573" established by Seller (the "Data Room Web Site"). Seller shall provide to Purchaser promptly upon request by Purchaser, or make available to Purchaser at the Property for review amendments and copying by Purchaser, such additional due diligence materials that are in Seller's Possession or that Seller is entitled to receive under the HMA Documents relating to the Property which are reasonably requested by Purchaser, and Purchaser agrees to acknowledge in writing, upon Seller's request, the receipt of any due diligence documents or materials delivered to Purchaser (provided that failure to so acknowledge such receipt shall not vitiate or limit the effect of delivery of such materials, including that Purchaser shall be deemed to have Knowledge thereof). All documents and materials provided by Seller to Purchaser pursuant to this Agreement including, without limitation, any and all documents and materials modifications set forth on the Data Room Web Site or otherwise provided directly by Seller to Purchaser are referred to collectively herein as the "Seller Due Diligence Materials". herein.

(b) If this Agreement is terminated for any reason, Purchaser shall promptly (i) return all original Seller Due Diligence Materials provided to Purchaser, and destroy all copies in any form of any Seller Due Diligence Materials, (ii) instruct all Persons to whom Purchaser has provided any Seller Due Diligence Materials to return any original Seller Due Diligence Materials to Seller, and destroy all copies in any form of any Seller Due Diligence Materials, and (iii) certify to Seller that all original Seller Due Diligence Materials have been returned to Seller and all copies in any form of any Seller Due Diligence Materials have been destroyed. For the avoidance of doubt, in the event this Agreement is terminated for any reason, Purchaser shall be

prohibited from retaining any originals or copies in any form of any Seller Due Diligence Materials, all of which shall be returned to Seller (in the case of originals) or destroyed (in the case of copies in any form). The terms and conditions of this Section 4.1.3(b) shall survive the termination of this Agreement.

**4.1.4. Purchaser's Due Diligence Reports.** 4. Conditions Precedent. Purchaser shall, at Seller's request, provide a copy to Seller of all third-party studies, reports and assessments prepared by any Person for or on behalf of Purchaser (other than those that (i) are legally privileged or constitute attorney work product, (ii) are subject to a confidentiality agreement or to Applicable Law

18

2230752.03F-NYCSR03A - MSW

prohibiting their disclosure by Purchaser, or (iii) constitute confidential internal assessments, reports, studies, memoranda, notes or other correspondence prepared by or on behalf of any officer or employee of Purchaser or Purchaser's Affiliates or any attorneys or accountants for or on their behalf) in connection with the Inspections (the "Purchaser Due Diligence Reports"). Any such deliveries shall be made without any certification, representation or warranty whatsoever. The provisions of this Section 4.1.4 shall survive the Closing or termination of this Agreement.

**4.1.5. Release and Indemnification.** Purchaser (for itself and all Purchaser Indemnitees) hereby releases the Seller Indemnitees for any Indemnification Loss incurred by any Purchaser Indemnitee arising from or in connection with the Inspections (including, without limitation, any liens placed on the Property or any other property owned by a Person other than Purchaser (including any Excluded Property) as a result of such Inspections), except to the extent resulting from Seller's gross negligence or willful misconduct. Purchaser shall defend, indemnify and hold harmless the Seller Indemnitees in accordance with Article XV from and against any Indemnification Loss incurred by any Seller Indemnitee arising from or in connection with the Inspections. At Seller's request, Purchaser, at Purchaser's sole cost and expense, shall repair any damage to the Property or any other property owned by a Person other than Purchaser (including any Excluded Property) arising from or in connection with the Inspections, and restore the Property or such other third party property (including any Excluded Property) to the same condition as existed prior to such Inspections, or replace the Property or such third party property with property (including any Excluded Property) of the same quantity and quality. Notwithstanding anything to the contrary in this Section 4.1.5, in no event shall Purchaser have any liability or obligation in connection with the mere discovery of a pre-existing condition affecting the Property which condition was not caused or exacerbated by Purchaser or Purchaser's Inspectors. This Section 4.1.5 shall survive the Closing or termination of this Agreement.

**4.1.6. Insurance.** Prior to commencing any Inspections, Purchaser shall provide to Seller a certificate of insurance, in form and substance reasonably satisfactory to Seller, evidencing that Purchaser maintains (i) contractual liability and products and completed operations with limits not less than \$1,000,000.00 per occurrence and \$2,000,000.00 in the aggregate for bodily injury, including death, and property damage combined, insuring Purchaser against its indemnification obligations under Section 4.1.5, and (ii) worker's compensation insurance in amount, form and substance required under Applicable Law. All such insurance shall: (a) name Fee Seller, Leasehold Seller and Manager as additional insureds; (b) cover the liability assumed by Purchaser under this Agreement; (c) be issued by an insurance company reasonably acceptable to Seller; (d) be primary and noncontributory with any insurance which may be carried by Seller; and (e) provide that said insurance Amendment shall not be canceled or modified without thirty (30) days' prior written notice to Fee Seller effective unless and Leasehold Seller. Purchaser shall deliver said policy or policies or certificates thereof to Seller prior to commencing any entry upon the Property, and renewals thereof at least thirty (30) days before the expiration date thereof. Purchaser's maintenance of such insurance policies shall not release or limit Purchaser's indemnification obligations under until:

(a) Section 4.1.5.

**ARTICLE V**  
**TITLE TO THE PROPERTY**

**5.1 Title Commitment.** Purchaser acknowledges its receipt of the Title Commitment. Purchaser acknowledges and agrees that the Property shall be sold, and title thereto conveyed, subject to the following matters (collectively, the “Permitted Exceptions”):

5.1.1. all liens, encumbrances or other exceptions to title (“Title Exceptions”) disclosed in the Title Commitment, except for those items listed on Schedule 5.1.1;

19

2230752.03F-NYCSR03A - MSW

5.1.2. all present and future zoning, building, environmental and other laws, ordinances, codes, restrictions and regulations of all governmental authorities having jurisdiction with respect to the Property or the Improvements, including, without limitation, landmark designations and all zoning variances and special exceptions, if any;

5.1.3. mechanics' and materialmen's liens and any similar liens and encumbrances arising from or in connection with any Ongoing Work, provided that Seller satisfies its obligations with respect thereto under Section 11.5;

5.1.4. all presently existing and future liens for unpaid real estate taxes and water and sewer charges not due and payable as of the date of the Closing, subject to adjustment as provided herein;

5.1.5. the state of facts and circumstances shown by the Existing Survey;

5.1.6. standard exclusions from coverage contained in the form of title policy employed by the Title Company;

5.1.7. any title exception arising out of the acts or omissions of Purchaser or Purchaser's Inspectors;

5.1.8. any title exception that is not otherwise **Administrative Agent receives** an Unpermitted Exception which arises in connection with the operation of the Property in the Ordinary Course of Business and not from any event, fact, circumstance, act or omission which constitutes a breach by Seller of its covenants or obligations under this Agreement, provided that such title exception does not adversely affect the operation and/or value of the Property in any material respect; and

5.1.9. any other matters which are expressly stated hereunder to be (or which expressly become pursuant to the terms hereof) Permitted Exceptions.

**5.2 Survey.** Purchaser acknowledges its receipt of the Existing Survey. Purchaser shall have the right until ten (10) days prior to the Closing Date to obtain an Updated Survey. Any Updated Survey obtained by Purchaser shall be prepared by a duly licensed surveyor at Purchaser's sole cost and expense, in accordance with the ALTA/NSPS Minimum Standard Detail Requirements for Land Title Surveys, certified to Purchaser and the Title Company, and shall otherwise be in accordance with such standards as are required by the Title Company in order to issue the Title Policy. In the event Purchaser does not obtain an Updated Survey prior to the tenth (10<sup>th</sup>) day prior to the Closing Date and the Title Company determines that the Existing Survey is insufficient to permit the Title Company to remove or insure over any survey exception in

the Title Commitment, then Seller shall have no obligation to cause the Title Company to remove or insure over any such survey exception, and such exception shall constitute a Permitted Exception.

### 5.3 Exceptions to Title.

5.3.1. **Unpermitted Exceptions.** Notwithstanding any provision **original** of this Agreement to the contrary, in no event shall Seller have any obligation to cure any title matter except for the Unpermitted Exceptions. As used herein, “**Unpermitted Exceptions**” means, (i) all mortgages, deeds of trust, mechanics liens (other than with respect to the Ongoing Work, provided that Seller satisfies its obligations with respect thereto under **Section 11.5**) for work, labor and/or materials procured **Amendment executed by** or by Manager at the direction of, Seller, judgment liens, Tax liens or any other monetary liens or monetary encumbrances (other than real estate Taxes or assessments that are a lien but not yet due **Borrower, Parent, Administrative Agent**, and payable) encumbering title to the Property which may be removed in accordance with its terms by payment of a liquidated amount (any of the foregoing **Lenders**;

20

2230752.03F-NYCSR03A - MSW

**individually or collectively, “(b) Monetary Encumbrances”**, (ii) any New Title Exceptions objected to by Purchaser that are voluntarily created by Seller, or by Manager at the direction of Seller, without Purchaser’s consent, (iii) the Operating Lease, (iv) Taxes which constitute Title Exceptions which would be delinquent if unpaid at Closing; provided, however, that if any such Taxes are payable in installments, such obligation shall apply only to the extent such installments would be delinquent if unpaid at Closing, and (v) any other Title Exceptions objected to by Purchaser (excluding Monetary Encumbrances) which may be removed in accordance with its terms by payment of a liquidated amount, which, in each case, Seller is required to remove of record at or prior to Closing, regardless of whether Purchaser fails to object to such Title Exceptions, provided that in the case of Title Exceptions described in clause (v), Seller’s obligation to remove such exceptions shall be limited to the aggregate sum of One Million and 00/100 Dollars (\$1,000,000.00) (other than Title Exceptions set forth on **Schedule 5.1.1**, which shall not be applied towards such sum), beyond which such Title Exceptions shall be deemed Permitted Exceptions; provided, however, that (i) the rights and interests of customers and guests at the Hotel to occupy rooms as guests only on a transient license basis, (ii) the rights of tenants or licensees under the Tenant Leases, as tenants only, pursuant to the Tenant Leases, (iii) the rights of Manager or any of its Affiliates under the HMA Documents, (iv) the rights of the Condominium Association and the Condominium Board under the Condominium Documents, (v) the rights of any party other than Seller under the Golf Course Use Agreements, the Tennis License Agreement, the Hotel Facilities Agreement, the Cost Sharing Agreement or the Revenue Sharing Agreement, (vi) the rights of any party to any instrument or agreement which constitutes a Permitted Exception, and (vii) all liens and encumbrances caused or created by Purchaser or any of Purchaser’s Inspectors, shall in no event constitute Unpermitted Exceptions and shall be deemed Permitted Exceptions.

5.3.2. **Permitted Exceptions.** All Title Exceptions to which Purchaser does not object to in writing prior to the Effective Date, other than the Unpermitted Exceptions, shall constitute Permitted Exceptions to title to the Real Property and are hereby approved by Purchaser.

5.3.3. **Updated Title Commitment or Survey.** If any update of the Title Commitment (the “**Title Report Update**”) delivered to or received by Purchaser after the Effective Date discloses any Title Exception which was not previously disclosed in the Title Commitment (a “**New Title Exception**”), or the Updated Survey discloses any defect which was not previously disclosed in the Existing Survey (a “**New Survey Defect**”), and (i) such New Title Exception or New Survey Defect does not constitute a Permitted Exception, (ii) Purchaser otherwise did not have Knowledge of such New Title Exception or New Survey Defect as of or prior to the Effective Date, (iii) such New Title Exception or New Survey Defect would have more than a de minimis adverse effect on the operation of the Property after the Closing, and (iv) such New Title Exception or New Survey Defect was not caused by Purchaser or any Person on behalf of Purchaser, then Purchaser shall have the right to request Seller to remove or cure such New Title Exception or New Survey Defect at or prior

to Closing by providing written notice to Seller within the earlier of: (A) five (5) Business Days after receiving such Title Report Update or Updated Survey, or (B) the Closing (the “New Title and Survey Objection Notice”). Should Purchaser fail to timely deliver to Seller a New Title and Survey Objection Notice, Purchaser shall be deemed to have approved such matters and such matters shall be deemed to be Permitted Exceptions; provided, however, that if any new Unpermitted Exceptions appear in a Title Report Update, Seller shall be required to cure such Unpermitted Exceptions regardless of whether Purchaser fails to object to such Unpermitted Exception so long as Purchaser delivers to Seller a copy of the Title Report Update or Updated Survey setting forth such Unpermitted Exceptions within the same period for delivery of a New Title and Survey Objection Notice (failing which, such Unpermitted Exceptions shall be deemed accepted by Purchaser and shall thenceforth be Permitted Exceptions hereunder). If Purchaser timely provides a New Title and Survey Objection Notice to Seller, Seller may elect, by providing written notice (the “New Title and Survey Election Notice”) to Purchaser within the earlier of five (5) Business Days after Seller’s receipt

21

2230752.03F-NYCSR03A - MSW

of such New Title and Survey Objection Notice or Closing, to notify Purchaser in writing whether it intends (1) to remove or cure such New Title Exception or New Survey Defect at or prior to Closing, or (2) not to remove or cure such New Title Exception or New Survey Defect (provided that Seller shall be required to remove and/or cure any Unpermitted Exceptions as of the Closing so long as Purchaser timely delivers to Seller a copy of the Title Report Update, updated Existing Survey or Updated Survey setting forth such Unpermitted Exceptions as provided in the preceding sentence). If Seller does not provide a New Title and Survey Election Notice to Purchaser within such time period, then Seller shall be deemed to have elected not to remove or cure such New Title Exception or New Survey Defect pursuant to clause (2) of the preceding sentence (other than Unpermitted Exceptions for which Purchaser has timely delivered to Seller a copy of the Title Report Update, updated Existing Survey or Updated Survey setting forth such Unpermitted Exceptions as provided above, all of which Seller is required to remove and/or cure as of Closing). If Seller elects or is deemed to have elected not to remove or cure a New Title Exception or New Survey Defect, then Purchaser shall have the right, as its sole and exclusive remedy with respect to such election (or deemed election) of Seller, to elect, by providing written notice (the “New Title and Survey Response Notice”) to Seller within the earlier of five (5) Business Days after Purchaser’s receipt of the New Title and Survey Election Notice (or the date on which Seller is deemed to have elected not to remove or cure such New Title Exception or New Survey Defect, as applicable) or the Closing to (I) terminate this Agreement, in which case the Deposit shall be refunded to Purchaser in accordance with the Deposit Escrow Agreement, and the Parties shall have no further rights or obligations under this Agreement, except those which expressly survive such termination, or (II) proceed to Closing pursuant to this Agreement and accept title to the Real Property subject to such New Title Exception or New Survey Defect which thereafter shall be deemed to constitute a Permitted Exception, without any credit against the Purchase Price for such New Title Exception or New Survey Defect. If Purchaser does not timely provide a New Title and Survey Response Notice to Seller within such time period, Purchaser shall be deemed to have elected to proceed to Closing pursuant to clause (II) of the preceding sentence.

5.3.4. Removal of Unpermitted Exceptions. Seller shall have no obligation to cure any Title Exceptions other than the Unpermitted Exceptions. Seller may cure any Unpermitted Exception by removing such Unpermitted Exception from title, causing the Title Company to omit such Unpermitted Exception from the Title Policy, or causing the Title Company to provide affirmative coverage with respect to such Unpermitted Exception or collection thereof (other than for Monetary Encumbrances), at any time prior to or at Closing.



5.3.5. **Replacement of Title Company.** Notwithstanding anything to the contrary contained in this Article V, in the event that the Title Company or any title company retained by Purchaser shall raise an exception to title which is not a Permitted Exception, Seller shall have no obligation to eliminate such exception and Purchaser shall have no right to terminate the Agreement by reason of such exception (and such exception shall be deemed a Permitted Exception) if the Title Company or another nationally recognized title company, as applicable, shall be prepared to insure title to the Property at regular rates either omitting, or providing affirmative coverage with respect to, such exception as provided in Section 5.3.4.

5.3.6. **Extension of Closing Date.** If Seller determines that it will be unable to cure any Unpermitted Exceptions in the manner provided in Section 5.3.4 at or prior to Closing, Seller shall have the right, but not the obligation, subject to Section 10.1, to postpone the Closing one or more time(s) to a date no later than December 30, 2022, upon written notice thereof to Purchaser no later than three (3) Business Days prior to the then scheduled Closing Date.

5.4 **Title Policy.** At Closing, Seller shall cause the Title Company (or another nationally recognized title company) to issue a title insurance policy to Purchaser (which may be in the form of a mark-up of the Title Commitment) in accordance with the Title Commitment, insuring

22

2230752.03F-NYCSR03A - MSW

Purchaser's valid fee interest in the Land as of the Closing Date, in the amount of the Purchase Price, subject only to the Permitted Exceptions (the "Title Policy"). Purchaser may obtain any endorsements to the Title Policy as may be available in the jurisdiction where the Land is located but the same shall not be a condition to the Closing. The Title Policy shall be an ALTA extended coverage title policy if Purchaser pays the premiums and costs of obtaining such extended coverage as provided in Section 11.4.2.

5.5 **Conveyance of the Land.** At Closing, Fee Seller shall convey Fee Seller's right, title and interest in the Land subject only to all (i) Permitted Exceptions, and (ii) Unpermitted Exceptions which are cured in a manner prescribed under Section 5.3.4 at or prior to Closing.

## ARTICLE VI

### CONDITION OF THE PROPERTY

6.1 **PROPERTY SOLD "AS IS".** PURCHASER ACKNOWLEDGES AND AGREES THAT EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT AND ANY OF THE DOCUMENTS DELIVERED AT CLOSING BY SELLER, (A) THE PURCHASE OF THE PROPERTY SHALL BE ON AN "AS IS", "WHERE IS", "WITH ALL FAULTS" BASIS, SUBJECT TO WEAR AND TEAR FROM THE EFFECTIVE DATE UNTIL CLOSING, AND (B) NEITHER SELLER NOR ANY OTHER SELLER ENTITY HAS ANY OBLIGATION TO REPAIR ANY DAMAGE TO OR DEFECT IN THE PROPERTY, REPLACE ANY OF THE PROPERTY OR OTHERWISE REMEDY ANY MATTER AFFECTING THE CONDITION OF THE PROPERTY.

6.2 **LIMITATION ON REPRESENTATIONS AND WARRANTIES.** PURCHASER ACKNOWLEDGES AND AGREES THAT, EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS AGREEMENT AND ANY OF THE DOCUMENTS DELIVERED AT CLOSING BY SELLER, NEITHER SELLER, MANAGER, LIQUOR LICENSE HOLDER, OR ANY OF THEIR AFFILIATES, NOR ANY OF THEIR RESPECTIVE SHAREHOLDERS, MEMBERS, PARTNERS, TRUSTEES, BENEFICIARIES, DIRECTORS, OFFICERS, MANAGERS, EMPLOYEES, ATTORNEYS, ACCOUNTANTS, CONTRACTORS, CONSULTANTS, AGENTS OR REPRESENTATIVES, NOR ANY PERSON PURPORTING TO REPRESENT ANY OF THE FOREGOING, HAVE MADE ANY REPRESENTATION, WARRANTY, GUARANTY, PROMISE, PROJECTION OR PREDICTION WHATSOEVER WITH RESPECT TO THE PROPERTY OR THE OPERATION OF THE PROPERTY, WRITTEN OR ORAL, EXPRESS OR IMPLIED, ARISING BY OPERATION OF LAW OR

OTHERWISE, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR ANY REPRESENTATION OR WARRANTY AS TO (A) THE CONDITION, SAFETY, QUANTITY, QUALITY, USE, OCCUPANCY OR OPERATION OF THE PROPERTY, (B) THE PAST, PRESENT OR FUTURE REVENUES OR EXPENSES WITH RESPECT TO THE PROPERTY OR THE OPERATION OF THE PROPERTY, (C) THE COMPLIANCE OF THE PROPERTY OR THE OPERATION OF THE PROPERTY WITH ANY ZONING REQUIREMENTS, BUILDING CODES OR OTHER APPLICABLE LAW, INCLUDING, WITHOUT LIMITATION, THE AMERICANS WITH DISABILITIES ACT OF 1990, (D) THE ACCURACY OF ANY ENVIRONMENTAL REPORTS OR OTHER DATA OR INFORMATION SET FORTH IN THE SELLER DUE DILIGENCE MATERIALS PROVIDED TO PURCHASER WHICH WERE PREPARED FOR OR ON BEHALF OF SELLER, OR (E) ANY OTHER MATTER RELATING TO SELLER, THE PROPERTY OR THE OPERATION OF THE PROPERTY.

**6.3 RELIANCE ON DUE DILIGENCE.** PURCHASER ACKNOWLEDGES AND AGREES THAT:

23

2230752.03F-NYCSR03A - MSW

(A) PURCHASER SHALL HAVE HAD THE OPPORTUNITY TO CONDUCT DUE DILIGENCE INSPECTIONS OF THE PROPERTY AND THE OPERATION OF THE PROPERTY, INCLUDING REVIEWING ALL SELLER DUE DILIGENCE MATERIALS AND OBTAINING INFORMATION WHICH IT DEEMS NECESSARY TO MAKE AN INFORMED DECISION AS TO WHETHER IT SHOULD PROCEED WITH THE PURCHASE OF THE PROPERTY AND THE OPERATION OF THE PROPERTY;

(B) PURCHASER SHALL BE DEEMED TO BE SATISFIED WITH THE RESULTS OF ITS DUE DILIGENCE REVIEW OF THE PROPERTY AND THE OPERATION OF THE PROPERTY UPON ITS DEPOSIT OF THE INITIAL DEPOSIT;

(C) PURCHASER WILL BE RELYING ONLY ON ITS DUE DILIGENCE INSPECTIONS OF THE PROPERTY, ITS REVIEW OF THE SELLER DUE DILIGENCE MATERIALS AND THE REPRESENTATIONS AND WARRANTIES EXPRESSLY MADE BY SELLER IN THIS AGREEMENT IN PURCHASING THE PROPERTY; AND

(D) PURCHASER WILL NOT BE RELYING ON ANY STATEMENT MADE OR INFORMATION PROVIDED TO PURCHASER BY SELLER (EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES EXPRESSLY MADE BY SELLER IN THIS AGREEMENT AND ANY OF THE DOCUMENTS DELIVERED AT CLOSING BY OR ON BEHALF OF SELLER), MANAGER, LIQUOR LICENSE HOLDER, OR ANY OF THEIR AFFILIATES, OR ANY OF THEIR RESPECTIVE SHAREHOLDERS, MEMBERS, PARTNERS, TRUSTEES, BENEFICIARIES, DIRECTORS, MANAGERS, OFFICERS, EMPLOYEES, ATTORNEYS, ACCOUNTANTS, CONTRACTORS, CONSULTANTS, AGENTS OR REPRESENTATIVES, OR ANY PERSON PURPORTING TO REPRESENT ANY OF THE FOREGOING.

**6.4 RELEASE OF SELLER FOR VIOLATIONS OF APPLICABLE LAW.** PURCHASER (FOR ITSELF AND ALL PURCHASER INDEMNITEES) DOES HEREBY, TO THE EXTENT PERMITTED BY APPLICABLE LAW, RELEASE AND DISCHARGE THE SELLER INDEMNITEES FROM ANY AND ALL VIOLATIONS OF APPLICABLE LAW INCLUDING, WITHOUT LIMITATION ENVIRONMENTAL CLAIMS AND ENVIRONMENTAL LIABILITIES, WHETHER NOW KNOWN OR UNKNOWN TO PURCHASER; PROVIDED, HOWEVER, THAT SUCH RELEASE AND DISCHARGE SHALL NOT APPLY TO (A) ANY INDEMNIFICATION OBLIGATION OF SELLER UNDER THIS AGREEMENT OR ANY OF THE DOCUMENTS DELIVERED AT CLOSING BY SELLER OR (B) CLAIMS MADE BY PURCHASER OR ITS AFFILIATES CAUSED BY THE FRAUD OR INTENTIONAL MISCONDUCT OF SELLER. PURCHASER COVENANTS AND AGREES NOT TO SUE SELLER AND THE SELLER INDEMNITEES AND RELEASES



SELLER AND THE SELLER INDEMNITEES OF AND FROM AND WAIVES ANY CLAIM OR CAUSE OF ACTION, INCLUDING, WITHOUT LIMITATION, ANY STRICT LIABILITY CLAIM OR CAUSE OF ACTION OR CONTRACTUAL AND/OR STATUTORY ACTIONS FOR CONTRIBUTION OR INDEMNITY, THAT PURCHASER MAY HAVE AGAINST SELLER OR ANY OF THE SELLER INDEMNITEES UNDER ANY ENVIRONMENTAL LAWS, NOW EXISTING OR HEREAFTER ENACTED OR PROMULGATED, RELATING TO ENVIRONMENTAL CLAIMS, ENVIRONMENTAL LIABILITIES, ENVIRONMENTAL MATTERS OR ENVIRONMENTAL CONDITIONS, IN, ON, UNDER, ABOUT OR MIGRATING FROM OR ONTO THE PROPERTY, INCLUDING, WITHOUT LIMITATION, THE ENVIRONMENTAL LAWS, OR BY VIRTUE OF ANY COMMON LAW RIGHT, NOW EXISTING OR HEREAFTER CREATED, RELATED TO ENVIRONMENTAL CLAIMS, ENVIRONMENTAL LIABILITIES, ENVIRONMENTAL MATTERS OR ENVIRONMENTAL CONDITIONS IN, ON, UNDER, ABOUT OR MIGRATING FROM OR ONTO THE PROPERTY.

**6.5 SURVIVAL.** THIS ARTICLE VI SHALL SURVIVE THE CLOSING.

**ARTICLE VII**  
**REPRESENTATIONS AND WARRANTIES**

**7.1 Seller's Representations and Warranties.** To induce Purchaser to enter into this Agreement and to consummate the transaction described in this Agreement, Seller hereby makes the express representations and warranties in this Section 7.1, upon which Seller acknowledges and agrees that Purchaser is entitled to rely.

**7.1.1. Organization and Power.** Each of Fee Seller and Leasehold Seller is a limited liability company duly formed, validly existing and in good standing in the State of Delaware.

**7.1.2. Authority and Binding Obligation.** (i) Seller has full power and authority to execute and deliver this Agreement and all other documents to be executed and delivered by Seller pursuant to this Agreement (the "Seller Documents"), and to perform all obligations of Seller under each of the Seller Documents, (ii) the execution and delivery by the signer on behalf of Seller of each of the Seller Documents, and the performance by Seller of its obligations under each of the Seller Documents, has been duly and validly authorized by all necessary action by Seller, and (iii) each of the Seller Documents, when executed and delivered, will constitute legal, valid and binding obligations of Seller enforceable against Seller in accordance with its terms (except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights and by general principles of equity (whether applied in a proceeding at law or in equity)).

**7.1.3. Consents and Approvals; No Conflicts.** Subject to the recordation of any Seller Documents as appropriate, and except as disclosed in Schedule 7.1.3, (i) no authorization, consent or approval of, any Governmental Authority is necessary for execution or delivery by Seller of any of the Seller Documents, or the performance by Seller of any of its obligations under any of the Seller Documents or the consummation by Seller of the transaction described in this Agreement, except to the extent the failure to obtain such authorization, consent or approval would not have a material adverse effect on the operation of the Property or Seller's ability to consummate the transaction described in this Agreement, and (ii) neither the execution and delivery by Seller of any of the Seller Documents, nor the performance by Seller of any of its obligations under any of the Seller Documents, nor the consummation by Seller of the transaction described in this Agreement, will: (A) violate any provision of Seller's organizational or governing documents; (B) violate any Applicable Law to which Seller is subject; (C) result in a violation or breach of, or constitute a default under any of the Contracts, Tenant Leases, Condominium Documents, Golf Course Use Agreement, Hotel Facilities Agreement, HMA Documents, Cost Sharing Agreement, Revenue Sharing Agreement, and Tennis License

Agreement, except to the extent such violation, breach or default would not have a material adverse effect on the operation of the Property or Seller's ability to consummate the transaction described in this Agreement; or (D) result in the creation or imposition of any lien or encumbrance on the Property or any portion thereof.

7.1.4. Title to Personal Property. Except for the Excluded Personal Property, the Equipment Leases (which shall be subject only to the ownership interest of the lessor thereunder), and as set forth in Schedule 7.1.4, Fee Seller and Leasehold Seller together have good and valid title to all tangible Personal Property, which shall be free and clear of all liens, and encumbrances as of the Closing.

7.1.5. Condemnation. Neither Seller nor, to Seller's Knowledge, Manager, has received any written notice of any pending condemnation proceeding or other proceeding in

25

2230752.03F-NYCSR03A - MSW

eminent domain, and to Seller's Knowledge, no such condemnation proceeding or eminent domain proceeding is threatened affecting the Property or any portion thereof.

7.1.6. Compliance with Applicable Law. Except as set forth in Schedule 7.1.6, neither Seller nor, to Seller's Knowledge, Manager, has received any written notice from any Governmental Authority having jurisdiction over the Property (a) indicating that the current condition, occupancy, operation or use of the Property owned by the Seller is not in compliance with, or requires correction under, Applicable Law, (b) revoking, canceling, denying renewal of, or threatening any such action in writing with respect to, any permit or Liquor License legally required for present occupancy or operation of the Property, or (c) indicating that any inquiry, complaint, proceeding or investigation (excluding routine, periodic inspections) is contemplated or pending regarding compliance of the Property with any Applicable Law. Seller has no Knowledge, nor has it received written notice within the past three (3) years, of any existing or threatened violation of any restrictive covenants or deed restrictions affecting the Property.

7.1.7. Litigation. Except as set forth in Schedule 7.1.7, there are no actions, suits, arbitrations, formal governmental investigations or proceedings (including but not limited to those relating to bankruptcy) pending or, to Seller's Knowledge, threatened against Seller or the Property or relating to Seller or the Property, in each case, not covered by insurance. To Seller's Knowledge, except as set forth in Schedule 7.1.7, there are no actions, suits, arbitrations, formal governmental investigations, or proceedings (including those relating to bankruptcy) in each case with respect to the Property and pending or threatened against Manager.

7.1.8. Employees. Seller has no employees, and, to Seller's Knowledge, no individuals are employed at the Property other than employees of Manager. Neither Seller, nor, to Seller's Knowledge, Manager is a party to any collective bargaining agreements with any labor union with respect to the Employees. Neither Seller, nor, to Seller's Knowledge, Manager has received (i) any written notice from any labor union or group of employees that such union or group represents or believes or claims it represents or intends to represent any of the Employees or (ii) any written notice of any claim of unfair labor practices.

7.1.9. Taxes. Except as disclosed in Schedule 7.1.9, (i) all Taxes related to the ownership, operation and use of the Property which would be delinquent if unpaid will be paid in full or prorated at Closing as part of the Prorations pursuant to Section 11.2; provided, however, that if any Taxes are payable in installments, such representation and warranty shall apply only to such installments which would be delinquent if unpaid at Closing, (ii) Seller and, to Seller's Knowledge, Manager, has not received any written notice for an audit of any Taxes related to the ownership, operation and use of the Property which has not been resolved or completed and (iii) neither Seller nor, to Seller's Knowledge, Manager is currently contesting any real property taxes or assessments against the Property.

7.1.10. Licenses and Permits. As of the Effective Date, Seller has made available to Purchaser true and complete copies of the Licenses and Permits in its possession. Except as set forth in Schedule 7.1.10, neither Seller nor, to Seller's Knowledge, Manager, has received any written notice from any Governmental Authority of (i) any material violation, suspension, revocation or non-renewal of any Licenses and Permits with respect to the Property or the operation of the Property that has not been cured or dismissed, or (ii) any failure by Seller to obtain any material Licenses and Permits required for the operation of the Property that has not been cured or dismissed.

7.1.11. Tenant Leases. Schedule 2.1.8 sets forth a correct and complete list of the Tenant Leases and Seller has made available to Purchaser true and complete copies of the Tenant Leases that are in effect and binding on the Property. Except as set forth in Schedule 2.1.8, (i) neither Fee Seller, Leasehold Seller nor, to Seller's Knowledge, Manager, has given or received

26

2230752.03F-NYCSR03A - MSW

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any written notice of any material breach or material default under any of the Tenant Leases which has not been cured and (ii) to Seller's Knowledge, there are no material defaults or events that with notice or lapse of time or both would constitute a material default by Fee Seller, Leasehold Seller or, to Seller's Knowledge, by any other party under the Tenant Leases.

7.1.12. Material Contracts. Schedule 7.1.12 sets forth a correct and complete list of the Material Contracts that are necessary to operate the Hotel in a manner consistent with current practice and Seller has made available to Purchaser true and complete copies of the Material Contracts. Except as set forth on Schedule 7.1.12, (i) all Material Contracts are in full force and effect, (ii) neither Fee Seller, Leasehold Seller nor, to Seller's Knowledge, Manager, has given or received any written notice of any material breach or material default under any of the Material Contracts which has not been cured and (iii) there are no material defaults or events that with notice or the passage of time or both, would constitute a material default by Fee Seller, Leasehold Seller or, to Seller's Knowledge, by any other party under the Material Contracts. To Seller's Knowledge, all Contracts are in full force and effect and there are no defects under any Contracts that would render such Contracts unenforceable against any other party thereto.

7.1.13. HMA Documents; Hotel Facilities Agreement; Cost Sharing Agreement; Revenue Sharing Agreement. At Closing, the HMA Documents (together with an HMA Amendment, if obtained, and any ancillary agreements provided in connection therewith), the Hotel Facilities Agreement, the Cost Sharing Agreement and the Revenue Sharing Agreement will be the only property management agreements with respect to the Property. Seller has made available to Purchaser true and complete copies of the HMA Documents, the Hotel Facilities Agreement, the Cost Sharing Agreement and the Revenue Sharing Agreement. Except as described in Schedule 7.1.13, (i) the HMA Documents, the Hotel Facilities Agreement, the Cost Sharing Agreement and the Revenue Sharing Agreement are in full force and effect, and (ii) to Seller's Knowledge, there are no defaults or events that with notice or lapse of time or both would constitute a material default by any party under the HMA Documents, the Hotel Facilities Agreement, the Cost Sharing Agreement or the Revenue Sharing Agreement. Except as set forth on Schedule 7.1.13, neither Fee Seller nor Leasehold Seller has given or received any written notice of any material breach or material default under the HMA Documents, the Hotel Facilities Agreement, the Cost Sharing Agreement or the Revenue Sharing Agreement which has not been cured.

7.1.14. Brokers. Seller has not dealt with any broker, agent, finder or similar party in connection with the transactions contemplated hereby other than Eastdil Secured (the "Broker").

7.1.15. **Foreign Person.** Each of Fee Seller and Leasehold Seller (or, if Leasehold Seller or Fee Seller is a disregarded entity for U.S. federal income tax purposes, the owner of Leasehold Seller or Fee Seller, as applicable, for U.S. federal income tax purposes) is not a “foreign person” as defined in Section 1445 of the Code and the regulations issued thereunder.

7.1.16. **Environmental Matters.** Neither Fee Seller, Leasehold Seller nor, to Seller's Knowledge, Manager has received any written notice from any governmental or regulatory authority of the presence or release of any Hazardous Substances in violation of any applicable Environmental Laws which remains uncured. Seller has provided to Purchaser or made available for Purchaser's inspection true and accurate copies of the environmental site assessment reports with respect to the Property set forth on Schedule 7.1.16.

7.1.17. **ERISA.** Neither Fee Seller nor Leasehold Seller is an “employee benefit plan” (as defined in Section 3(3) of ERISA) subject to Title I of ERISA or a “plan” described in Section 4975 of the Code, and no non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code will result from the consummation of the transactions contemplated by this Agreement. The Property does not represent the asset of any plan, account

27

2230752.03F-NYCSR03A - MSW

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or other arrangement that is subject to Section 4975 of the Code, or provisions under any federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code.

7.1.18. **Financial Information.** Seller has delivered to Purchaser, or made available to Purchaser for examination, true and accurate copies of the monthly and annual operating statements used by Seller in the Ordinary Course of Business, as prepared by Manager and delivered by Manager to Seller for the years 2019, 2020 and 2021 and the monthly operating statements as prepared by Manager and delivered by Manager to Seller for each of the months year-to-date for 2022.

7.1.19. **Bankruptcy.** Neither Fee Seller nor Leasehold Seller (a) is the subject of any case, petition or other proceeding with respect to it or its assets, for relief under any federal bankruptcy act or any similar petition, order or decree under any federal or state law or statute relative to bankruptcy, insolvency or other relief for debtors, (b) has caused, suffered or consented to the appointment of a receiver, trustee, administrator, conservator, liquidator, or similar official in any federal, state, or foreign judicial or non-judicial proceeding, to hold, administer and/or liquidate all or substantially all of its assets, or (c) has made a general assignment for the benefit of creditors.

7.1.20. **Rights of Others.** Neither Fee Seller nor Leasehold Seller nor, to Seller's Knowledge, any other Person, has granted any right of first refusal or option to purchase all or any part of the Property.

7.1.21. **Sanction and Anti-Corruption Laws.** Seller acknowledges that Purchaser is required to confirm that the conduct of Seller and its representatives with respect to the sale of the Property complies with Sanction and Anti-Corruption Laws. Accordingly, Seller represents and warrants that (i) neither Fee Seller, Leasehold Seller nor, to Seller's Knowledge, any of their respective representatives is a Person who could cause Purchaser to be in violation of any Sanction and Anti-Corruption Laws, and (ii) neither Fee Seller, Leasehold Seller nor, to Seller's Knowledge, any of its representatives has directly or indirectly authorized, offered, promised or given, in relation to the Property or this Agreement, anything of value (1) to a Government Official in order to influence official action or (2) to any Person while knowing or having reason to know that all or part of it will be offered, promised or given to a Government Official in order to influence

official action. Seller shall take all actions necessary to ensure that these representations and warranties remain true until the Closing or earlier termination of this Agreement.

7.1.22. **Intellectual Property.** To Seller's Knowledge, none of the Intellectual Property owned by Fee Seller or Leasehold Seller, if any, is registered with the United States Patent and Trademark Office or the United States Copyright Office.

7.1.23. **Ongoing Work.** Schedule 11.5.1 contains a complete list of the agreements to which Fee Seller or Leasehold Seller is a party associated with the Ongoing Work, including any engineering agreements, architect agreements, development design agreements, contractor agreements and similar agreements and all amendments thereto (collectively, the "Ongoing Work Contracts"), that are in effect as of the Effective Date and that Purchaser is required to assume pursuant to Section 11.5.1. Seller has delivered to Purchaser or made available for Purchaser's review copies of the Ongoing Work Contracts.

7.1.24. **Condominium Board.** Fee Seller has paid all assessments and other charges of any kind or nature billed to Fee Seller by the Condominium Board that were due and payable through the Effective Date. Except as set forth on Schedule 7.1.24, Fee Seller has neither given nor received any written notice of any material breach or material default under the

28

2230752.03F-NYCSR03A - MSW

Condominium Documents which has not been cured and, to Seller's Knowledge, no condition has occurred which, with the giving of notice or passage of time or both, would constitute a material default by Fee Seller thereunder.

Seller's representations in this Section 7.1 shall be deemed to be modified to reflect (i) any information which was actually known to Purchaser on or prior to the Effective Date, (ii) any information of which Purchaser had Constructive Knowledge on or prior to the Effective Date, (iii) changes permitted pursuant to the terms of this Agreement (e.g., entering into a new Lease or Operating Agreement that is not in violation of Section 8.2), and (iv) information which discloses loss or damage to the Property as a result of fire or other casualty or condemnation (which shall be governed by the terms of Article XIV below). Any and all uses of the defined term "Constructive Knowledge" shall mean that Purchaser shall be deemed to have knowledge of such information from (A) any estoppels, or other instrument from a third party received by Purchaser, (B) any written disclosure by Seller or Seller's agents or employees to Purchaser, (C) all documents, information and other materials contained in the Data Room Web Site as of the Effective Date, (D) any information disclosed in Purchaser Due Diligence Reports obtained prior to the Effective Date, (E) information contained in the physical tenant correspondence files containing hard copies or original documents located in the management office on the Property as of the Effective Date, if any, or provided to Purchaser via a portable thumb or USB flash drive, (F) any matter affecting any of Seller's representations and warranties above resulting from any actions of any Purchaser Indemnitees or Purchaser's Inspectors, and (G) any other documents, information and other materials otherwise disclosed to Purchaser in writing on or prior to the Effective Date.

Notwithstanding the foregoing, if Purchaser has Knowledge or Constructive Knowledge of a breach of any representation or warranty made by Seller in this Agreement as of or prior to Closing, and Purchaser nevertheless proceeds to close the transaction described in this Agreement, such representation or warranty by Seller shall be deemed to be qualified or modified to reflect Purchaser's Knowledge or Constructive Knowledge of such breach.

**7.2 Purchaser's Representations and Warranties.** To induce Seller to enter into this Agreement and to consummate the transaction described in this Agreement, Purchaser hereby makes the representations and warranties in this Section 7.2, upon which Purchaser acknowledges and agrees that Seller is entitled to rely.

**7.2.1. Organization and Power.** Purchaser is duly incorporated or formed (as the case may be), validly existing and in good standing under the laws of the State of Delaware and has all requisite power and authority to own, lease and operate its properties and to carry on its business **Credit Agreement**, as currently being conducted.

**7.2.2. Authority and Binding Obligation.** (i) Purchaser has full power and authority to execute and deliver this Agreement and all other documents to be executed and delivered by Purchaser pursuant to this Agreement (the "Purchaser Documents"), and to perform all obligations of Purchaser arising under each of the Purchaser Documents, (ii) the execution and delivery by the signer on behalf of Purchaser of each of the Purchaser Documents, and the performance by Purchaser of its obligations under each of the Purchaser Documents, has been duly and validly authorized by all necessary action by Purchaser, and (iii) each of the Purchaser Documents, when executed and delivered, will constitute the legal, valid and binding obligations of Purchaser enforceable against Purchaser in accordance with its terms (except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights and by general principles of equity (whether applied in a proceeding at law or in equity)).

**7.2.3. Consents and Approvals; No Conflicts.**

29

2230752.03F-NYCSR03A - MSW

(a) (i) No filing with, and no permit, authorization, consent or approval of, any Governmental Authority or other Person is necessary for the execution or delivery by Purchaser of any of the Purchaser Documents, the performance by Purchaser of any of its obligations under any of the Purchaser Documents, or the consummation by Purchaser of the transaction described in this Agreement, and (ii) neither the execution and delivery by Purchaser of any of the Purchaser Documents, nor the performance by Purchaser of any of its obligations under any of the Purchaser Documents, nor the consummation by Purchaser of the transaction described in this Agreement, will: (A) violate any provision of the organizational or governing documents of Purchaser; (B) violate any Applicable Law to which Purchaser is subject; or (C) result in a violation or breach of or constitute a default under any contract, agreement or other instrument or obligation to which Purchaser is a party or by which any of Purchaser's properties are subject.

(b) To Purchaser's Knowledge, Purchaser satisfies all transfer requirements, if any, under the HMA Documents, the Hotel Facilities Agreement, the Cost Sharing Agreement and the Revenue Sharing Agreement applicable to an assignee of the owner party thereunder and covenants that Purchaser will deliver all documents required under the HMA Documents, the Hotel Facilities Agreement, the Cost Sharing Agreement and the Revenue Sharing Agreement in connection with the transfer of such HMA Documents, the Hotel Facilities Agreement, the Cost Sharing Agreement and the Revenue Sharing Agreement to Purchaser.

**7.2.4. Broker.** Purchaser has not dealt with any broker, agent, finder or similar party in connection with the transactions contemplated hereby other than the Broker.

**7.2.5. Sanction and Anti-Corruption Laws.** Purchaser acknowledges that Seller is required to confirm that the conduct of Purchaser and its representatives with respect to the acquisition of the Property complies with Sanction and Anti-Corruption Laws. Accordingly, Purchaser represents and warrants that (i) neither

Purchaser nor, to Purchaser's Knowledge, any of its representatives is a Person who could cause any Seller Entity to be in violation of any Sanction and Anti-Corruption Laws, and (ii) neither Purchaser nor, to Purchaser's Knowledge, any of its representatives has directly or indirectly authorized, offered, promised or given, in relation to the Property or this Agreement, anything of value (1) to a Government Official in order to influence official action or (2) to any Person while knowing or having reason to know that all or part of it will be offered, promised or given to a Government Official in order to influence official action. Purchaser shall take all actions necessary to ensure that these representations and warranties remain true until the Closing or earlier termination of this Agreement.

Notwithstanding the foregoing, if Seller has Knowledge prior to Closing of a breach of any representation or warranty made by Purchaser in this Agreement and Seller nevertheless elects to close the transaction described in this Agreement, such representation or warranty by Purchaser shall be deemed to be qualified or modified to reflect Seller's Knowledge of such breach.

## ARTICLE VIII

### COVENANTS

#### 8.1 Confidentiality.

8.1.1. Disclosure of Confidential Information. Seller and Purchaser shall, and Purchaser shall cause Purchaser's Inspectors to, keep confidential, and not make any public announcement or disclose to any Person the existence or any terms of this Agreement or any information disclosed under or in connection with Section 8.12 or by the Inspections or in the

30

2230752.03F-NYCSR03A - MSW

Seller Due Diligence Materials, the Purchaser Due Diligence Reports or any other documents, materials, data or other information with respect to the Property or the operation of the Property which is not generally known to the public (the "Confidential Information"). Notwithstanding the foregoing, Seller and Purchaser shall be permitted to (i) disclose any Confidential Information to the extent required under Applicable Law, including, without limitation, the filing with the SEC of this Agreement in the Purchaser's 10-K filing and the audited financial statements generated pursuant to Section 8.12 on or after the Closing, and (ii) disclose any Confidential Information to any Person on a "need to know" basis, such as their respective shareholders, partners, members, trustees, beneficiaries, directors, officers, employees, attorneys, consultants, engineers, surveyors, lenders, investors, managers, franchisors and such other Persons whose assistance is required to consummate the transactions described in this Agreement; provided, however, that Seller or Purchaser (as the case may be) shall (A) advise such Person of the confidential nature of such Confidential Information, (B) use commercially reasonable efforts to cause such Person to maintain the confidentiality of such Confidential Information, and (C) be responsible for any disclosure of such Confidential Information by such Person as though such Person were directly bound amended by this Section 8.1.1. Notwithstanding the foregoing, after the consummation of Closing, Purchaser may disclose Confidential Information related to the Property (but not related to Leasehold Seller, Fee Seller, Manager or their respective Affiliates) in its sole discretion and without the consent of Seller.

8.1.2. Public Announcements. Neither Purchaser nor Seller shall issue a press release concerning this Agreement and the transactions contemplated hereby without first obtaining the other Party's prior written consent. Notwithstanding anything in this Agreement to the contrary, Purchaser may issue the press release attached hereto as Exhibit M upon or after the execution of this Agreement by Purchaser and Seller. Additionally, notwithstanding anything in this Agreement to the contrary, Purchaser shall be permitted to file one or more 8Ks upon or after execution of this Agreement, which may include the press release attached as



Exhibit M but will not include this Agreement and/or the audited financial statements generated pursuant to Section 8.12 of this Agreement until after Closing has occurred.

**8.1.3. Communication with Governmental Authorities.** Without limiting the generality of the provisions in Section 8.1.1, Purchaser shall not, through its officers, employees, managers, contractors, consultants, agents, representatives or any other Person (including, without limitation, Purchaser's Inspectors), directly or indirectly, communicate with any Governmental Authority or any official, employee or representative thereof, involving any matter with respect to the Property or the business. Provided that Purchaser provides at least forty-eight (48) hours' prior notice (which notice may be oral and provided telephonically or may be provided by email) and affords Seller the opportunity to have a representative present (provided that Seller's failure to have any such person present despite receiving requisite notice shall not preclude such communications from proceeding), Purchaser may, through its officers, employees, managers, contractors, consultants, agents, representatives or any other Person (including, without limitation, Purchaser's Inspectors), directly or indirectly, communicate with any Governmental Authority or any official, employee or representative thereof, involving any matter with respect to the Property or the operation of the Property. Notwithstanding the foregoing, at any time and from time to time, Purchaser or Purchaser's Inspectors may contact any Governmental Authority having jurisdiction over the Property to obtain copies of licenses and permits or to obtain the information necessary to prepare zoning or environmental reports without prior notice to or consent of Seller.

**8.1.4. Communication with Tenants, Guests and Employees.** Without limiting the generality of the provisions in Section 8.1.1, Purchaser shall not, through its officers, employees, managers, contractors, consultants, agents, representatives or any other Person (including, without limitation, Purchaser's Inspectors), directly or indirectly, communicate with any Employees, tenants, guests and/or customers at the Property, or any representatives of any of the

31

2230752.03F-NYCSR03A - MSW

foregoing, without Seller's and Manager's prior written consent, which consent with respect to Employees and tenants and their respective representatives shall not be unreasonably withheld; provided, that each of Seller and Manager shall be copied on any written communications (including electronic mail) with Employees or tenants or their respective representatives and shall have the right, but not the obligation, to have its representatives present in any discussion with Employees or tenants or their respective representatives.

**8.1.5. Communications with Manager.** Seller hereby consents and agrees that Purchaser shall be entitled, at any time and from time to time, to meet and/or communicate with Manager regarding matters related to the transition upon Closing and operations after Closing. Prior to meeting and/or communicating with Manager's on-site representatives, including, without limitation, the general manager, building engineers, director of finance, sales managers and any members of the executive staff of the Property, regarding any matters with respect to the Property due diligence, Purchaser shall provide Seller at least forty-eight (48) hours' prior notice (which notice may be oral and provided telephonically or may be provided by email) and affords Seller the opportunity to have a representative present (provided that Seller's failure to have any such person present despite receiving requisite notice shall not preclude such communications from proceeding).

## **8.2 Conduct of the Business.**

**8.2.1. Operation in Ordinary Course of Business.** From the Effective Date until the Closing or earlier termination of this Agreement, Seller shall use commercially reasonable efforts to cause Manager to continue operating the Property in the Ordinary Course of Business consistent with the terms of the HMA Documents.



**8.2.2. Contracts.** From the Effective Date until the Closing or earlier termination of this Agreement, Seller shall not, without Purchaser's prior written consent, which shall not be unreasonably withheld, conditioned or delayed, (i) amend, extend, renew or terminate (A) any existing Tenant Leases, Contracts or Licenses and Permits, except in the Ordinary Course of Business, or (B) the HMA Documents (other than in connection with an HMA Amendment, and any ancillary agreements provided in connection therewith), the Hotel Facilities Agreement, the Condominium Documents, the Golf Course Use Agreements, the Tennis License Agreement, the Cost Sharing Agreement or the Revenue Sharing Agreement, or (ii) enter into any new Tenant Leases or Material Contracts, unless such new Tenant Leases or Material Contracts are terminable by Purchaser without any termination fee or cost upon not more than thirty (30) days' notice.

**8.3 Licenses and Permits.** Purchaser shall be responsible for obtaining the transfer of all Licenses and Permits (to the extent transferable) or the issuance of new licenses and permits. The licenses and permits required for the sale and service of alcoholic beverages at the Property (the "Liquor Licenses") are held by the Liquor License Holder as provided in the HMA Documents. Purchaser, at its sole cost and expense, shall submit all necessary applications and other materials to the appropriate Governmental Authority and take such other actions to effect the transfer of Licenses and Permits or issuance of new licenses and permits as of the Closing, and Seller shall use commercially reasonable efforts (at no cost or expense to Seller other than any *de minimis* cost or expense or any cost or expense which Purchaser agrees in writing to reimburse) to cooperate with Purchaser to cause the Licenses and Permits to be transferred or new licenses and permits to be issued to Purchaser. If this Agreement is terminated and Purchaser has filed an application or otherwise commenced the processing of obtaining new licenses and permits, Purchaser shall promptly withdraw (or reverse) all such applications and cease all other activities with respect to such new licenses and permits, which obligation shall survive any such termination of this Agreement until all such applications have been withdrawn (or reversed) and activities have been ceased.

32

2230752.03F-NYCSR03A - MSW

#### **8.4 Employees.**

**8.4.1. Employees.** Seller and Purchaser intend that there will be continuity of employment with respect to all of the Employees. It is agreed that prior to, or in connection with, the Closing, Purchaser shall not take any action, and Seller shall use commercially reasonable efforts to cause Manager not to take any action, which would trigger the application of the Worker Adjustment and Retraining Notification Act (or similar local or state laws or regulations) or which would otherwise cause the termination of the employment of any Employee, and Seller shall not be under any obligation to cause Manager to terminate any Employee prior to or on the Closing Date. Subject to the Prorations set forth in Section 11.2.17, Purchaser shall be liable consistent with the HMA Documents for any amounts (including, but not limited to, Compensation) to which any Employee becomes entitled under any Employee Plans which exists or arises, or may be deemed to exist or arise, as a result of or in connection with the transactions contemplated by this Agreement, whether under Applicable Law or otherwise.

**8.4.2. No Third Party Beneficiaries.** Purchaser and Seller each acknowledge that all provisions contained in this Section 8.4 with respect to Employees are included for the sole benefit of Purchaser (and Purchaser's Affiliates, as applicable) and Seller (and Seller's Affiliates, as applicable) and shall not be deemed to constitute an amendment to any employee benefit plan or create any right or third-party beneficiary rights (i) in any other person, including any Employees, former Employees, any participant in any Employee Plans or any beneficiary thereof, or any union or trust or (ii) to continued employment with Manager or other managers or contractors following the Closing Date.

**8.4.3. Survival.** This Section 8.4 shall survive the Closing.

**8.5 Bookings.** Purchaser shall honor all Bookings made prior to the Closing Date for any period on or after the Closing Date. This Section 8.5 shall survive the Closing. Fee Seller, Leasehold Seller and/or Manager shall continue to enter into new Bookings in the Ordinary Course of Business.

**8.6 Tax Contests.**

**8.6.1. Taxable Period Prior to the Closing Date.** Seller shall retain the right to commence, continue and settle any proceeding to contest any Taxes for any taxable period which is prior to (and does not include) the Closing Date, and shall be entitled to any refunds or abatements of Taxes awarded in such proceedings. Other than the proceedings described in this Section 8.6.1 or as set forth in Section 8.6.2, Seller shall not commence any proceedings to contest any Taxes. This Section 8.6.1 shall survive the Closing.

**8.6.2. Taxable Period Prior to and Including the Closing Date.** Purchaser shall have the right to commence, continue and settle any proceeding to contest any Taxes for any taxable period which includes the Closing Date. Notwithstanding the foregoing, if Seller desires to contest any Taxes for such taxable period, Seller shall provide notice requesting that Purchaser contest such Taxes. If Purchaser desires to contest such Taxes, Purchaser shall provide written notice to Seller within thirty (30) days after receipt of Seller's request confirming that Purchaser will contest such Taxes, in which case Purchaser shall proceed to contest such Taxes, and Seller shall not have the right to contest such Taxes. If Purchaser fails to provide such written notice confirming that Purchaser will contest such Taxes within such thirty (30)-day period, Seller shall have the right to contest such Taxes. Any refunds or abatements awarded in such proceedings shall be used first to reimburse the Party contesting such Taxes for the reasonable costs and expenses incurred by such Party in contesting such Taxes, and the remainder of such refunds or abatements shall be prorated between Seller and Purchaser as of the Cut-Off Time, and the Party receiving such refunds or abatements shall promptly pay such prorated amount due to the other.

33

2230752.03F-NYCSR03A - MSW

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Party. In the event that either Party elects to settle any proceeding involving the contest of any Taxes by such Party and such settlement may result in the other Party paying higher Taxes for any taxable period for which it is responsible than such Party would otherwise be obligated to pay if such settlement were not to occur, then the Party settling such proceeding shall be required to obtain the prior written consent of the other Party prior to entering into any such settlement. This Section 8.6.2 shall survive the Closing.

**8.6.3. Taxable Period Commencing After Closing Date.** Purchaser shall have the right to commence, continue and settle any proceedings to contest Taxes for any taxable period which commences from and after the Closing Date, and shall be entitled to any refunds or abatements of Taxes awarded in such proceedings. This Section 8.6.3 shall survive the Closing.

**8.6.4. Cooperation.** Seller and Purchaser shall use commercially reasonable efforts to cooperate with the Party contesting the Taxes (at no cost or expense to the Party not contesting the Taxes other than any *de minimis* cost or expense or any cost or expense which the requesting Party agrees in writing to reimburse) and to execute and deliver any documents and instruments reasonably requested by the Party contesting the Taxes in furtherance of the contest of such Taxes. This Section 8.6.4 shall survive the Closing.

**8.7 Notices and Filings.** Seller and Purchaser shall use commercially reasonable efforts to cooperate with each other (at no cost or expense to the Party whose cooperation is requested, other than any *de minimis* cost or expense or any cost or expense which the requesting Party agrees in writing to reimburse) to provide written notice to any Person under any Tenant Leases, the HMA Documents, the Hotel Facilities Agreement, the Cost Sharing Agreement, the Revenue Sharing Agreement, Contracts, the Condominium Documents, the

Golf Course Use Agreements, the Tennis License Agreement and/or Licenses and Permits, and to affect any registrations or filings with any Governmental Authority or other Person, regarding the change in ownership of the Property or the operation of the Property. This Section 8.7 shall survive the Closing.

**8.8 Access to Information.** After the Closing, Purchaser shall provide (and cause Manager to provide) to the officers, employees, agents and representatives of any Seller Indemnitees with reasonable access to (i) the Books and Records with respect to the operations of the Property prior to Closing, and (ii) the Employees, for any purpose deemed reasonably necessary or advisable by Seller Indemnitees, including, without limitation, to investigate, evaluate and defend any claim, charge, audit, litigation or other proceeding made by any Person or insurance company; provided, however, that (A) such Seller Indemnitees shall provide reasonable prior notice to Purchaser, (B) Purchaser shall have the right to accompany the officers, employees, agents or representatives of such Seller Indemnitees who Loan Document are provided such access, and (C) the applicable Seller Indemnitees shall defend, indemnify and hold harmless the Purchaser Indemnitees in accordance with Article XV from and against any Indemnification Losses incurred by any Purchaser Indemnitees arising out of any such access, inspection, investigation or evaluation conducted at the Property by the Seller Indemnitees or their respective officers, employees, agents and representatives. Purchaser, at its sole cost and expense, shall retain (or cause Manager to retain) all Books and Records with respect to the Property following the Closing for the length of time consistent with the retention programs and policies of Manager, but in any event for a period of not less than three (3) years after the Closing. The Seller Indemnitees shall have right for such period of time to review and copy (at their sole cost and expense) those Books and Records pertaining to the operation of the Property during the period prior to the Closing. This Section 8.8 shall survive the Closing.

**8.9 Privacy Laws.** To the extent Purchaser reviews, is given access to or otherwise obtains any Hotel Guest Data and Information as part of the purchase of the Property and the operation of the Property, Purchaser shall at all times prior to Closing comply in all material respects with all Applicable Law concerning (i) the privacy and use of such Hotel Guest Data and Information

and the sharing of such information and data with third parties (including, without limitation, any restrictions with respect to Purchaser's or any third party's ability to use, transfer, store, sell, or share such information and data), and (ii) the establishment of adequate security measures to protect such Hotel Guest Data and Information. This Section 8.9 shall survive the Closing.

**8.10 Further Assurances.** From the Effective Date until the Closing or earlier termination of this Agreement, Seller and Purchaser shall use commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable to consummate the transaction described in this Agreement, including, without limitation, (i) obtaining all necessary consents, approvals and authorizations required to be obtained from any Governmental Authority or other Person under this Agreement or Applicable Law, and (ii) effecting all registrations and filings required under this Agreement or Applicable Law. After the Closing, Seller and Purchaser shall use commercially reasonable efforts (at no cost or expense to such Party, other than any de minimis cost or expense or any cost or expense which the requesting Party agrees in writing to reimburse) to further effect the transaction contemplated in this Agreement. The immediately preceding sentence of this Section 8.10 shall survive the Closing.

**8.11 Estoppels.** Seller shall request estoppel certificates prior to the Closing for each of the agreements listed on Schedule 8.11, in the forms provided by Purchaser prior to the Effective Date. Notwithstanding the foregoing, an estoppel satisfying the following requirements shall be deemed a "Confirming Estoppel" for all purposes hereof and Seller shall use its commercially reasonable effort to obtain Confirming Estoppels: such

estoppel certificate shall be either (x) on Purchaser's requested form, together with such reasonable changes as the certifying party may request, or (y) in compliance with the estoppel provisions of the applicable agreement, regardless of whether it includes Purchaser's requested certifications or reliance parties. Failure to obtain any Confirming Estoppel shall not be deemed to be a Seller Default and the receipt of any Confirming Estoppel shall not be a condition to Purchaser's obligation to consummate the transaction contemplated by this Agreement; provided, however that Purchaser's receipt of Confirming Estoppels for the Hotel Management Agreement, the Golf Course Use Agreements and the Cost Sharing Agreement shall be Purchaser Closing Conditions under Section 9.2(d) and (e) hereof. If Seller determines that it will be unable to obtain a Confirming Estoppel with respect to the Hotel Management Agreement, the Golf Course Use Agreements or the Cost Sharing Agreement at or prior to Closing that does not disclose any material default under such agreements, Seller or Purchaser shall have the right, but not the obligation, subject to Section 10.1, to postpone the Closing one or more time(s) to a date no later than December 30, 2022 upon written notice thereof to the other party no later than one (1) Business Day prior to the then scheduled Closing Date.

**8.12 Independent Audit.** Seller shall request to be delivered to Purchaser prior to the Closing carve-out financial statements related to the Four Seasons Scottsdale Hotel, audited by Deloitte Touche Tohmatsu Limited ("Deloitte"), the Seller's independent public accounting firm, (i) as of and for the years ended December 31, 2021 and December 31, 2020 and reviewed by Deloitte as of September 30, 2022, and December 31, 2021, respectively, and (ii) as of and for the nine months ended September 30, 2022 and September 30, 2021 (collectively, the "Closing Financial Statements"). The costs and expenses incurred in the preparation and delivery of the Closing Financial Statements shall be borne fifty percent (50%) by Purchaser and fifty percent (50%) by Seller. The Closing Financial Statements will be prepared in conformity with generally accepted accounting principles in the United States and be in a form and content sufficient to be filed with the SEC at Closing. The delivery to Purchaser of the Closing Financial Statements must be completed by Closing, however any further review or audit thereof conducted by Purchaser shall be at Purchaser's sole cost and expense and not as a condition to Closing. If requested by Deloitte, Seller shall also provide to Deloitte a signed representation letter which would be sufficient to enable Deloitte to render an opinion on the Closing Financial Statements. Seller

35

2230752.03F-NYCSR03A - MSW

shall authorize any attorneys who have represented Seller or its management companies, as applicable, in material litigation pertaining to or affecting the Property to respond to inquiries from Purchaser's representatives or Deloitte. If Seller determines that it will be unable to deliver or cause to be delivered any Closing Financial Statements required under this Section 8.12 at or prior to Closing, Seller or Purchaser shall have the right, but not the obligation, subject to Section 10.1, to postpone the Closing one or more time(s) to a date no later than December 30, 2022 upon written notice thereof to the other party no later than three (3) Business Days prior to the then scheduled Closing Date. At all times prior to Closing, Seller will cause Deloitte to engage in reasonable communication with Purchaser to ensure that the Closing Financial Statements are in a form and content sufficient for filing with the SEC at Closing. The Parties' obligations under this Section 8.12 to share costs and expenses of preparing the Closing Financial Statements shall survive the Closing or any termination of this Agreement.

**8.13 Tax Clearance Letter.**

**8.13.1. Tax Clearance Certificate.** Seller shall timely file with the Arizona Department of Revenue its monthly tax returns for Transaction Privilege Taxes (the "Privilege Tax Return") payable through and including the month in which the Closing occurs (but only with respect to its period of ownership of the Property, which shall include the day prior to the Closing but not the day of the Closing or any day thereafter), and Purchaser shall timely file with the Arizona Department of Revenue the Privilege Tax Return for the month in which the

Closing occurs (but only with respect to its period of ownership of the Property, which shall include the day of the Closing and any day thereafter) and each month after the month in which the Closing occurs. For the avoidance of doubt, and notwithstanding anything to the contrary contained herein, each of Seller and Purchaser shall be responsible for the payment of Transaction Privilege Taxes accruing with respect to its respective period of ownership of the Property. Seller will, promptly following the Effective Date, file with the Arizona Department of Revenue a "Tax Clearance Application" for the issuance of a letter of good standing for Transaction Privilege Taxes indicating that Seller has filed and paid all taxes to the effective date of such letter (the "Initial Tax Clearance Certificate"). Promptly following Seller's receipt of the Initial Tax Clearance Certificate, Seller shall provide a copy of same to Purchaser.

**8.13.2. Post-Closing Tax Return and Certificate.** Promptly after Seller's filing of the Privilege Tax Return for the month in which the Closing occurs, Seller will file with the Arizona Department of Revenue an additional "Tax Clearance Application" for issuance of a letter of good standing with an effective date no earlier than the day prior to the Closing Date indicating that Seller has filed and paid all Taxes covered by such letter through the day prior to the Closing Date (the "Post-Closing Tax Clearance Certificate"). Promptly following Seller's receipt of the Post-Closing Tax Clearance Certificate, Seller shall provide a copy of same to Purchaser. Seller will indemnify, defend and hold harmless Purchaser from and against any Transaction Privilege Taxes accruing with respect to the period through and including the day prior to the Closing, and Purchaser will indemnify, defend and hold harmless Seller from and against any Transaction Privilege Taxes accruing with respect to the period from and after the day on which the Closing occurs.

**8.13.3. Survival.** The provisions of this Section 8.13 shall survive Closing.

**8.14 HMA Amendment.** Seller shall use commercially reasonable efforts to cause Manager to deliver to Purchaser an HMA Amendment on or prior to the Closing. Purchaser acknowledges and agrees that Seller's obligation to cause Manager to deliver the HMA Amendment is contingent upon (and/or may be conditioned by Manager upon) (i) the HMA Amendment being in form and substance reasonably acceptable to Manager (so long as the substantive provisions are included as set forth in clause (ii) of the definition of HMA Amendment), (ii) the occurrence of the Closing, (iii) Purchaser's delivery of such information concerning Purchaser and its

Affiliates as Manager may reasonably request and an indemnity agreement in favor of Manager (or an employer Affiliate of Manager) from an entity with a net worth of at least \$100 million and in form and substance reasonably acceptable to Manager (or such Affiliate of Manager), and to Purchaser, with respect to such employment arrangement, (iv) and Purchaser's (or the Affiliate of Purchaser that assumes the Management Agreement, if any) execution and delivery to Manager of a counterpart to the HMA Amendment, and/or (v) Purchaser or an Affiliate's execution and delivery of Manager's standard form of subordination, non-disturbance and attornment agreement, together with such changes as are reasonably requested by Purchaser and acceptable to Manager. Purchaser acknowledges and agrees that in no event shall the HMA Amendment be required to (a) provide that it benefits or may be relied upon by any Person other than Purchaser (or the Affiliate of Purchaser that assumes the Management Agreement, if any), or (b) provide that any Person other than Purchaser (or the Affiliate of Purchaser that assumes the Management Agreement and/or provides the indemnity to Manager) shall be responsible for any costs and expenses relating to the employment of the Employees. Provided that the contingencies and conditions described in the foregoing sentence are satisfied, Purchaser's receipt of the HMA Amendment shall be a Purchaser Closing Condition. If Seller determines that it will be unable to deliver or cause to be delivered a qualifying HMA Amendment at or prior to Closing, Seller or Purchaser shall have the right, but not the obligation, subject to Section 10.1, to

postpone the Closing one or more time(s) to a date no later than December 30, 2022 upon written notice thereof to the other party no later than one (1) Business Day prior to the then scheduled Closing Date.

## **ARTICLE IX**

### **CLOSING CONDITIONS**

#### **9.1 Mutual Closing Condition.**

9.1.1. Satisfaction of Mutual Closing Condition. The respective obligations of Seller and Purchaser to close the transaction contemplated in this Agreement are subject to the satisfaction at or prior to Closing of the following condition precedent (the "Mutual Closing Condition"):

(a) Adverse Orders. No preliminary or permanent injunction or other order, decree or ruling shall have been issued by a court of competent jurisdiction or by any Governmental Authority, that would make illegal or invalid or otherwise prevent the consummation of the transaction described in this Agreement.

9.1.2. Failure of Mutual Closing Condition. If the Mutual Closing Condition is not satisfied at Closing (subject to the adjournment rights described in Section 10.1), then each Party shall have the right to terminate this Agreement by providing written notice to the other Party, in which case the Deposit shall be refunded to Purchaser in accordance with the Deposit Escrow Agreement, and the Parties shall have no further rights or obligations under this Agreement, except for those which expressly survive such termination.

#### **9.2 Purchaser Closing Conditions.**

9.2.1. Satisfaction of Purchaser Closing Conditions. In addition to the Mutual Closing Condition, Purchaser's obligations to close the transactions described in this Agreement are subject to the satisfaction at or prior to Closing of the following conditions precedent (the "Purchaser Closing Conditions"):

(a) Seller's Deliveries. All of the Seller Closing Deliveries shall have been delivered to Purchaser or deposited with Escrow Agent in the Closing Escrow to be delivered to Purchaser at Closing.

37

2230752.03F-NYCSR03A - MSW

(b) Representations and Warranties. The representations or warranties of Seller in this Agreement (as such are permitted to be updated pursuant to the terms hereof) shall be true and correct (as qualified by Purchaser's Knowledge and any schedules to this Agreement) in all material respects as of the Closing as if made on such date (other than any representations and warranties of Seller which are made as of a specific date, which representations and warranties shall be true and correct (as qualified by Purchaser's Knowledge and any schedules to this Agreement) in all material respects as of the date made).

(c) Title Policy. The Title Company (or another nationally recognized title company) shall have irrevocably committed to issue the Title Policy pursuant to Section 5.4, subject only to the payment by Purchaser of any fees and expenses with respect to the Title Commitment and Title Policy pursuant to Section 11.4.2.

(d) Hotel Management Agreement Estoppel, Golf Course Use Agreements Estoppel, Cost Sharing Agreement Estoppel and HMA Approval. (1) Provided that the conditions therefor set forth in Section 8.11 are satisfied, Purchaser shall have received a Confirming Estoppel with respect to the Hotel Management Agreement, the Golf Course Use Agreements and Cost Sharing Agreement, and (2) Manager and its applicable Affiliates shall have approved Purchaser (or the Affiliate of Purchaser that assumes the HMA Documents, if any) as the assignee of the HMA Documents (i.e., a Qualified Person (as defined therein)).



(e) Audit. Purchaser shall have received the Closing Financial Statements in accordance with Section 8.12.

(f) HMA Amendment. Provided that the conditions and contingencies therefor described in Section 8.14 are satisfied, Purchaser shall have received an HMA Amendment.

9.2.2. Failure of Purchaser Closing Condition. If any of the Purchaser Closing Conditions is not satisfied (or waived by Purchaser) at Closing, then Purchaser shall have the right (i) subject to Seller's right to cure under Section 13.2, to terminate this Agreement by providing written notice to Seller, in which case the Deposit shall be refunded to Purchaser in accordance with the Deposit Escrow Agreement, and the Parties shall have no further rights or obligations under this Agreement, except those which expressly survive such termination, or (ii) to waive any of the Purchaser Closing Conditions at or prior to Closing; provided, however, that if the failure of a condition specified in this Section 9.2 is not satisfied due to a Purchaser Default under this Agreement, then Seller shall have the remedies available to it pursuant to Section 13.3.

### 9.3 Seller Closing Conditions.

9.3.1. Satisfaction of Seller Closing Conditions. In addition to the Mutual Closing Condition, Seller's obligations to close the transactions contemplated in this Agreement are subject to the satisfaction at or prior to Closing of the following conditions precedent (the "Seller Closing Conditions"):

(a) Receipt of the Purchase Price. Purchaser shall have (A) paid to Seller or deposited with Escrow Agent with written direction to disburse the same to Seller, the Purchase Price (as adjusted pursuant to Section 3.1), and (B) delivered written direction to Escrow Agent to disburse the Deposit to Seller.

(b) Purchaser's Deliveries. All of the Purchaser Closing Deliveries shall have been delivered to Seller or deposited with Escrow Agent in the Closing Escrow to be delivered to Seller at Closing.

38

2230752.03F-NYCSR03A - MSW

(c) Representations and Warranties. The representations and warranties of Purchaser in this Agreement shall be true and correct in all material respects (without duplication of any materiality qualifiers set forth therein) on and as of the Closing (or date of this Amendment as though made as of the date of this Amendment except to the extent that (i) any of them speak to a different specific date or (ii) the facts on which any of them were based have been changed by transactions contemplated or permitted by the Credit Agreement;

(c) Borrower shall have paid the estimated reasonable fees and expenses of Administrative Agent's counsel incurred in connection with this Amendment; and

(d) after giving effect to this Amendment, no Default or Event of Default exists.

**5. Ratifications.** Each of Borrower and Parent (a) ratifies and confirms all provisions of the Loan Documents as amended by this Amendment, (b) ratifies and confirms that all guaranties, assurances, and Liens granted, conveyed, or assigned to Administrative Agent for the benefit of Lenders under the Loan Documents are not released, reduced, or otherwise adversely affected by this Amendment and continue to guarantee, assure, and secure full payment and performance of the present and future obligations of Borrower, Parent and each Guarantor under the Credit Agreement and the Loan Documents, and (c) agrees to perform such acts and duly authorize, execute, acknowledge, deliver, file, and record such additional documents, and certificates as Administrative Agent may request in order to create, perfect, preserve, and protect those guaranties, assurances, and Liens.

**6. Representations.** Each of Borrower and Parent represents and warrants to Administrative Agent and Lenders that as of the date of this Amendment: (a) this Amendment has been duly authorized, executed, and delivered by Borrower and Parent; (b) no action of, or filing with, any governmental authority is required to authorize, or is otherwise required in connection with, the execution, delivery, and performance by Borrower or Parent of this Amendment; (c) the Loan Documents, as amended by this Amendment, are valid and binding upon Borrower, Parent, and Guarantors and are enforceable against Borrower, Parent, and Guarantors in accordance with their respective terms, except as limited by Debtor Relief Laws; (d) the execution, delivery, and performance by Borrower and Parent of this Amendment does not require the consent of any other date Person and do not and will not constitute a violation of any laws, agreements, or understandings to which Borrower or Parent is a party or by which Borrower or Parent is bound; (e) all representations and warranties in the Loan Documents are true and correct in all material respects (without duplication of any materiality qualifiers set forth therein) except to the extent that such representation or warranty expressly is made).

**9.3.2. Failure of Seller Closing Condition.** If any of the Seller Closing Conditions is not satisfied (or waived by Seller) at Closing, then Seller shall have the right representations and warranties specifically refer to (i) terminate this Agreement by providing written notice to Purchaser, an earlier date, in which case the Deposit they shall be disbursed to Seller in accordance with the Deposit Escrow Agreement, true and the Parties shall have no further rights or obligations under this Agreement, except those which expressly survive such termination, or (ii) waive any of the Seller Closing Conditions at or prior to Closing; provided, however, that if the failure of a condition specified in this Section 9.3 is not satisfied due to a Seller Default under this Agreement, then Purchaser shall have the remedies available to it pursuant to Section 13.1.

## **ARTICLE X**

### **CLOSING**

**10.1 Closing Date.** The closing of the transaction described in this Agreement (the "Closing") shall occur on December 1, 2022 (the "Initial Closing Date"), as such Initial Closing Date may be accelerated pursuant to this Section 10.1 or postponed pursuant to Sections 5.3.6, 8.11, 8.12, 8.14, 13.2, 14.1.1 or 14.2.1, or such other date as agreed to in writing between Seller and Purchaser (the date on which the Closing occurs is referred to herein as the "Closing Date"). The Closing shall be effected through the Closing Escrow pursuant to the Closing Escrow Agreement as provided in Section 10.2 and shall occur at the offices of Seller's counsel or, if agreed to in writing between Seller and Purchaser, such other place as is agreed to. Notwithstanding anything to the contrary contained herein, the rights to postpone the Closing Date pursuant to Sections 5.3.6, 8.11, 8.12 and 8.14 shall be non-cumulative such that Seller and/or Purchaser shall have the right to postpone the Closing under any or all of such Sections to a date no later than December 30, 2022.

**10.2 Closing Escrow.** The Closing shall take place by means of a so called "New York style" escrow (the "Closing Escrow"), and, at or prior to the Closing, the Parties shall enter into a closing escrow agreement with the Escrow Agent with respect to the Closing Escrow in form and substance reasonably acceptable to Seller, Purchaser and the Escrow Agent (the "Closing Escrow Agreement") pursuant to which (i) the Purchase Price to be paid by Purchaser pursuant to Section 3.3 shall be deposited with Escrow Agent, (ii) all of the documents required to be delivered by Seller and Purchaser at Closing pursuant to this Agreement shall be deposited with Escrow Agent, and (iii) at Closing, the Purchase Price (as adjusted pursuant to Section 3.1) and the Deposit shall be disbursed to Seller and the documents deposited into the Closing Escrow shall be delivered to Seller and Purchaser (as the case may be) pursuant to the Closing Escrow Agreement.

### **10.3 Closing Deliveries.**

**10.3.1. Seller's Deliveries.** At the Closing, Seller shall deliver or cause to be delivered to Purchaser or deposited with Escrow Agent in the Closing Escrow to be delivered to Purchaser at Closing, all of the (i) documents set forth in this Section 10.3.1, each of which shall have been duly executed by Fee Seller and/or Leasehold Seller, as applicable, and acknowledged and/or notarized (if required), and (ii) other items set forth in this Section 10.3.1 (the "Seller Closing Deliveries"), as follows:

- (a) A closing certificate in the form of Exhibit B, together with all exhibits thereto;



correct as of such earlier date; and (f) after giving effect to this Amendment, no Default or Event of Default exists.

**(b) A Special Warranty Deed 7. Continued Effect.** Except to the extent amended hereby, all terms, provisions and conditions of the Credit Agreement and the other Loan Documents, and all documents executed in connection therewith, shall continue in full force and effect and shall remain enforceable and binding in accordance with their respective terms.

## 8. Miscellaneous.

(a) Unless stated otherwise (i) the form of singular number includes the plural and Exhibit C vice versa (the "Deed"), conveying the Real Property to Purchaser, subject only to and words of any Permitted Exceptions;

(c) A Bill gender include each other gender, in each case, as appropriate, (ii) headings and captions may not be construed in interpreting provisions, and (iii) if any part of Sale in the form of Exhibit D, transferring the FF&E, Supplies, IT Systems, F&B, Retail Merchandise, Intellectual Property, Books and Records, Plans and Specifications, Warranties, Bookings and Accounts Receivable to Purchaser on the terms set forth therein;

(d) A General Assignment and Assumption of Agreements in the form of Exhibit E, assigning the Licenses and Permits, Books and Records, Plans and Specifications, Intellectual Property, Warranties, and Bookings to Purchaser on the terms set forth therein;

(e) An Assignment and Assumption of HMA Documents in the form of Exhibit G or in such other form as may be required by the Manager (the "Assignment of HMA Documents"), assigning the HMA Documents to Purchaser on the terms set forth therein;

(f) An Assignment and Assumption of Tenant Leases and Contracts in the form of Exhibit H, assigning the Tenant Leases and Contracts to Purchaser on the terms set forth therein;

(g) A Tenant Direction Letter in the form of Exhibit I, indicating to tenants under Tenant Leases that the Property has been sold to Purchaser and providing Purchaser's information for the payment of rent;

(h) An Assignment and Assumption of Hotel Facilities Agreement in the form of Exhibit J (the "Assignment of Hotel Facilities Agreement"), assigning the Hotel Facilities Agreement to Purchaser on the terms set forth therein;

(i) An Assignment and Assumption of Revenue Sharing Agreement in the form of Exhibit K (the "Assignment of Revenue Sharing Agreement"), assigning the Revenue Sharing Agreement to Purchaser on the terms set forth therein;

(j) An Assignment and Assumption of Cost Sharing Agreement in the form of Exhibit O (the "Assignment of Cost Sharing Agreement"), assigning the Cost Sharing Agreement to Purchaser on the terms set forth therein;

(k) A certificate or registration of title this Amendment is for any owned vehicle or reason found to be unenforceable, all other Personal Property included in the Property which requires such certification or registration, duly executed, conveying such vehicle or such other Personal Property to Purchaser; portions of it nevertheless remain enforceable.

(l) Such agreements, affidavits or other documents as may be reasonably required by the Title Company from Seller to issue the Title Policy;

(m) an Affidavit of Property Value in the form of Exhibit L;

(n) a properly completed and executed Internal Revenue Service Form W-9 for Fee Seller and Leasehold Seller (or, if either Fee Seller or Leasehold Seller is a disregarded entity for U.S. federal income tax purposes, the owner of Fee Seller or Leasehold Seller, as applicable, for U.S. federal income tax purposes);

(o) To the extent not previously delivered to Purchaser, all originals (or copies if originals are not available) of the Tenant Leases, Contracts, Licenses and Permits, Books and Records, keys and lock combinations in Seller's Possession, which (b) This Amendment shall be located at the Property on the Closing Date and deemed to be delivered to Purchaser upon delivery of possession of the Property; provided, however, that Seller shall have the right to (i) redact and

40

2230752.03F-NYCSR03A - MSW

reformat any Books and Records which include Excluded Records or data or other information pertaining to any other hotels owned, managed or franchised by Fee Seller, Leasehold Seller, Manager or any of their Affiliates, and (ii) retain copies of any Books and Records delivered to Purchaser;

(p) The Closing Statement prepared pursuant to Section 11.1;

(q) Reasonable evidence establishing that Seller has filed with the Arizona Department of Revenue a "Tax Clearance Application" for the issuance of the Initial Tax Clearance Certificate as required under Section 8.13.1;

(r) The Parent Support Agreement in the form attached as Exhibit P on the terms set forth therein;

(s) The RFP Letter in the form attached as Exhibit Q on the terms set forth therein; and

(t) A written confirmation executed by Fee Seller and Leasehold Seller that the Operating Lease has been terminated effective as of, or prior subject to the Closing.

10.3.2. **Purchaser's Deliveries.** At the Closing, Purchaser shall deliver or cause provisions regarding choice of law, submission to be delivered to Seller or deposited with Escrow Agent in the Closing Escrow to be delivered to Seller all jurisdiction, waiver of the (i) documents set forth in this Section 10.3.2, each venue, service of which shall have been duly executed by Purchaser process, and acknowledged (if required), and (ii) other items set forth in this Section 10.3.2 (the "Purchaser Closing Deliveries"), as follows:

(a) The Purchase Price (as adjusted pursuant to Section 3.1) to be paid by Purchaser;

(b) A closing certificate in the form waiver of Exhibit E, together with all exhibits thereto;

(c) A counterpart of each of the documents and instruments to be delivered by Fee Seller and/or Leasehold Seller under Section 10.3.1 which require execution by Purchaser;

(d) A counterpart of the Parent Support Agreement in the form attached as Exhibit P on the terms set forth therein;

(e) A counterpart of the RFP Letter in the form attached as Exhibit Q on the terms set forth therein; and

(f) Such other documents and instruments as may be reasonably requested by Seller or the Title Company in order to consummate the transaction described in this Agreement.

**10.4 Possession.** Seller shall deliver possession of the Real Property, subject only to the Permitted Exceptions, and tangible Personal Property to Purchaser upon completion of the Closing.

## **ARTICLE XI**

### **PRORATIONS AND EXPENSES**

**11.1 Closing Statement.** No later than the third (3<sup>rd</sup>) Business Day prior to Closing, the Parties, through their respective employees, agents or representatives, jointly shall make such examinations, audits and inventories of the Property as may be necessary to make the adjustments and prorations to the Purchase Price as **jury trial** set forth in **Sections 11.2 12.14** and **11.3 12.15** or any

41

2230752.03F-NYCSR03A - MSW

other provisions of this Agreement. Based upon such examinations, audits and inventories, the Parties jointly shall prepare prior to Closing a closing statement (the "**Closing Statement**"), which shall set forth their best estimate of the amounts of the items to be adjusted and prorated under this Agreement. The Closing Statement shall be approved and executed by the Parties at Closing, **Credit Agreement**, and such adjustments and prorations shall be final with respect to the items set forth in the Closing Statement, except to the extent any such items shall be reprorated after the Closing as expressly set forth in provisions are incorporated herein by this reference, **Section 11.2 mutatis mutandis**.

**11.2 Prorations.** The items (c) This Amendment may be in the form of revenue an Electronic Record (and may be delivered by e-mail or facsimile) and expense set forth in this **Section 11.2** may be executed using Electronic Signatures (including, without limitation, facsimile and .pdf) and shall be prorated between the Parties (the "**Prorations**") as of 11:59 p.m. (Eastern Time) on the day preceding the Closing Date (the "**Cut-Off Time**"), or such other time expressly provided in this **Section 11.2**, so that the Closing Date is a day of income considered an original, and expense for Purchaser.

**11.2.1. Taxes.** All real property, personal property, and similar Taxes (but expressly excluding Transaction Privilege Taxes, which shall be paid by Seller and Purchaser as provided in **Section 8.13**) shall be prorated as of the Cut-Off Time between Seller and Purchaser. If the amount of any such Taxes is not ascertainable on the Closing Date, the proration for such Taxes shall be based on the most recent available bill; provided, however, that after the Closing, Seller and Purchaser shall reprorate the Taxes (other than Transaction Privilege Taxes) and pay any deficiency in the original proration to the other Party promptly upon receipt of the actual bill for the relevant taxable period and resolution of any proceeding to contest any Taxes (other than Transaction Privilege Taxes) in accordance with **Section 8.6**. This **Section 11.2.1** shall survive the Closing until each such actual tax bill is received and Seller and Purchaser have had a reasonable period of time thereafter to reprorate the applicable Taxes and make any true-up payment in connection with such reproration.

**11.2.2. Tenant Leases.** Any rents and other amounts prepaid, accrued or due and payable under the Tenant Leases shall be prorated as of the Cut-Off Time between Seller and Purchaser. Purchaser shall receive a credit for all assignable security deposits held by Seller under the Tenant Leases which are not transferred to Purchaser, and Purchaser thereafter shall be obligated to refund or apply such deposits in accordance with the terms of such Tenant Leases, and shall indemnify and hold harmless the Seller Indemnitees against any Indemnification Losses incurred as a result of any such failure by Purchaser to obligate or refund such deposits in accordance with the terms of such Tenant Leases, but only to the extent of the credit provided to Purchaser at Closing (or thereafter). Purchaser shall not receive a credit for any non-assignable security deposits held by Fee Seller or Leasehold Seller, which Fee Seller or Leasehold Seller shall return to the tenant under such Tenant Lease; provided, however, Seller shall reasonably cooperate with

Purchaser, at no out-of-pocket cost or expense to Seller, to obtain a replacement security deposit from such tenant for the benefit of Purchaser.

**11.2.3. Contracts.** Any amounts prepaid, accrued or due and payable under the Contracts (other than for utilities which proration is addressed separately in Section 11.2.11) shall be prorated as of the Cut-Off Time between Seller and Purchaser, with Seller being credited for amounts prepaid, and Purchaser being credited for amounts accrued and unpaid. Purchaser shall receive a credit for all deposits held by Fee Seller or Leasehold Seller under the Contracts (together with any interest thereon) which are not transferred to Purchaser, and Purchaser thereafter shall be obligated to refund or apply such deposits in accordance with the terms of such Contracts and shall indemnify and hold harmless the Seller Indemnitees against any Indemnification Losses incurred as a result of any such failure by Purchaser to obligate or refund such deposits in accordance with the terms of such Contracts, but only to the extent of the credit provided to Purchaser at Closing (or thereafter). Seller shall receive a credit for all deposits made by Fee Seller or Leasehold Seller under the Contracts (together with any interest thereon) which are transferred to Purchaser or remain on deposit for the benefit of Purchaser or the Hotel.

42

2230752.03F-NYCSR03A - MSW

**11.2.4. Licenses and Permits.** All amounts prepaid, accrued or due and payable under any Licenses and Permits transferred to Purchaser shall be prorated as of the Cut-Off Time between Seller and Purchaser. Seller shall receive a credit for all deposits made by Fee Seller or Leasehold Seller under the Licenses and Permits (together with any interest thereon) which are transferred to Purchaser or which remain on deposit for the benefit of Purchaser or the Hotel.

**11.2.5. HMA Documents.** All amounts prepaid, accrued or due and payable under any of the HMA Documents shall be prorated as of the Cut-Off Time between Seller and Purchaser. Seller shall receive a credit for all amounts on deposit in accounts (including the Reserves) which remain on deposit for the benefit of Purchaser or the Hotel (together with any interest thereon).

**11.2.6. Golf Course Use Agreements.** All amounts prepaid, accrued or due and payable under the Golf Course Use Agreements shall be prorated as of the Cut-Off Time between Seller and Purchaser. Seller shall receive a credit for all amounts on deposit in accounts which remain on deposit for the benefit of Purchaser or the Hotel (together with any interest thereon).

**11.2.7. Tennis License Agreement.** All amounts prepaid, accrued or due and payable under the Tennis License Agreement shall be prorated as of the Cut-Off Time between Seller and Purchaser. Seller shall receive a credit for all amounts on deposit in accounts which remain on deposit for the benefit of Purchaser or the Hotel (together with any interest thereon).

**11.2.8. Hotel Facilities Agreement.** All amounts prepaid, accrued or due and payable under the Hotel Facilities Agreement shall be prorated as of the Cut-Off Time between Seller and Purchaser. Seller shall receive a credit for all amounts on deposit in accounts which remain on deposit for the benefit of Purchaser or the Hotel (together with any interest thereon).

**11.2.9. Revenue Sharing Agreement and Cost Sharing Agreement.** All amounts prepaid, accrued or due and payable under the Revenue Sharing Agreement and the Cost Sharing Agreement shall be prorated as of the Cut-Off Time between Seller and Purchaser. Seller shall receive a credit for all amounts on deposit in accounts which remain on deposit for the benefit of Purchaser or the Hotel (together with any interest thereon).

11.2.10. **Manager Agreements.** All amounts prepaid, accrued or due and payable under any of the Manager Agreements (but only to the extent such amounts are for the account of Seller or the Hotel) shall be prorated as of the Cut-Off Time between Seller and Purchaser. Seller shall receive a credit for all amounts on deposit in accounts (including the Reserves) which remain on deposit for the benefit of Purchaser or the Hotel (together with any interest thereon).

11.2.11. **Utilities and Fuel.** All utility services shall be prorated as of the Cut-Off Time between Seller and Purchaser. The Parties shall use commercially reasonable efforts to obtain readings for all utilities as of the Cut-Off Time. If readings cannot be obtained as of the Closing Date, the cost of such utilities shall be prorated between Seller and Purchaser by estimating such cost on the basis of the most recent bill for such service; provided, however, that after the Closing, the Parties shall reprorate the amount for such utilities and pay any deficiency in the original proration to the other Party promptly upon receipt of the actual bill for the relevant billing period, which obligation shall survive the Closing. Seller shall receive a credit for all fuel stored at the Property based on Fee Seller and Leasehold Seller's cost for such fuel. Seller shall receive a credit for all deposits transferred to Purchaser or which remain on deposit for the benefit of Purchaser or the Hotel with respect to such utility contracts (together with any interest thereon).

43

2230752.03F-NYCSR03A - MSW

11.2.12. **Bookings.** Purchaser shall receive a credit for all prepaid deposits (together with any interest thereon) for Bookings scheduled to occur on or after the Closing Date, except to the extent such deposits (together with any interest thereon) are transferred to Purchaser.

11.2.13. **Condominium Documents.** Any amounts prepaid, accrued or due and payable under the Condominium Documents shall be prorated as of the Cut-Off Time between Seller and Purchaser, with Seller being credited for amounts prepaid, and Purchaser being credited for amounts accrued and unpaid as of the Cut-Off Time.

11.2.14. **Vending Machines.** Seller shall remove all monies from all vending machines, laundry machines, pay telephones and other coin operated equipment as of the Cut-Off Time and shall retain all monies collected therefrom as of the Cut-Off Time, and Purchaser shall be entitled to any monies collected therefrom after the Cut-Off Time.

11.2.15. **Trade Payables.** Except to the extent an adjustment or proration is made under another subsection of this Section 11.2, (i) Seller shall pay in full prior to the Closing all amounts payable to vendors or other suppliers of goods or services for the operation of the Property (the "Trade Payables") which are due and payable as of the Closing Date for which goods or services have been delivered to the Property prior to Closing, and (ii) Purchaser shall receive a credit for the amount of such Trade Payables which have accrued, but are not yet due and payable as of the Closing Date, and Purchaser shall pay all such Trade Payables accrued as of the Closing Date when such Trade Payables become due and payable; provided, however, Seller and Purchaser shall reprorate the amount of credit for any Trade Payables and pay any deficiency in the original proration to the other Party promptly upon receipt of the actual bill for such goods or services. Seller shall receive a credit for all advance payments or deposits (together with any interest thereon) made with respect to FF&E, Supplies, F&B and Retail Merchandise ordered, but not delivered to the Property prior to the Closing Date, and Purchaser shall pay the amounts which become due and payable for such FF&E, Supplies, F&B and Retail Merchandise which were ordered prior to Closing and shall indemnify and hold harmless the Seller Indemnitees against any Indemnification Losses incurred as a result of any such failure by Purchaser to pay such amounts. This Section 11.2.15 shall survive the Closing.

11.2.16. **Cash.** Seller shall receive a credit for all cash on hand or on deposit in any house bank at the Property (together with any interest thereon) and all checks and bank drafts paid by guests at the Property and located at the Property which shall remain on deposit for the benefit of Purchaser or the Hotel (together with any interest thereon).

11.2.17. **Employees.** Purchaser shall receive a credit from Seller against the Purchase Price for all accrued and unpaid Compensation of Employees as of the Cut-Off Time, to the extent relating to the period prior to the Cut-Off Time. Purchaser shall assume all obligations with respect to the Employees under the HMA Documents, to the extent such obligations arise and accrue from and after the Cut-Off Time, and shall indemnify and hold harmless the Seller Indemnitees against any Indemnification Losses incurred by the Seller Indemnitees with respect to such obligations other than Compensation of Employees which accrued prior to the Cut-Off Time. Without vitiating or limiting the provisions of Section 11.2.22, Purchaser's indemnification obligations under this Section 11.2.17 shall survive the Closing.

11.2.18. **Restaurants and Bars.** To the extent any restaurants and bars at the Property are operated by Fee Seller or Leasehold Seller, Seller shall close out the transactions in the restaurants and bars in the Property as of the regular closing time for such restaurants and bars during the night in which the Cut-Off Time occurs and retain all monies collected as of such closing, and Purchaser shall be entitled to any moneys collected from such restaurants and bars thereafter.

44

2230752.03F-NYCSR03A - MSW

11.2.19. **Function Revenues.** Revenues from conferences, receptions, catering, meetings and other functions occurring in any conference, banquet or meeting rooms at the Property, including amounts prepaid, usage charges and related taxes, food and beverage sales, valet parking charges, equipment rentals and telecommunications charges, shall be allocated between Seller and Purchaser, based on when the function therein commenced, with (a) one-day functions commencing prior to the Cut-Off Time being allocated to Seller, (b) one-day functions commencing after the Cut-Off Time being allocated to Purchaser, and (c) multi-day functions being allocated between Seller and Purchaser according to the number of days of the function occurring before the Cut-Off Time and the number of days of the function occurring after the Cut-Off Time.

11.2.20. **Amenities.** To the extent any amenities at the Property are operated by Fee Seller or Leasehold Seller (such as, but not limited to, spas, salons and/or golf courses), Seller shall close out the transactions in such amenities at the Property as of the regular closing time for such amenities during the night in which the Cut-Off Time occurs and retain all monies collected as of such closing, and Purchaser shall be entitled to any moneys collected from such amenities thereafter.

11.2.21. **Other Adjustments and Prorations.** All other items of income and expense as are customarily adjusted or prorated upon the sale and purchase of a resort property similar to the Property shall be adjusted and prorated between Seller and Purchaser accordingly.

11.2.22. **Post-Closing Adjustments.** For purposes of this Article XI, all items described in this Article XI and reflected on the Closing Statement are deemed the estimates of the prorations, credits and other adjustments subject to adjustment in accordance with this Section 11.2.22. Except for Taxes which are reprorated in accordance with Section 11.2.1, no later than one hundred twenty (120) days after Closing, Purchaser shall prepare and deliver to Seller a final Closing Statement (the "Final Statement"), which shall correct the estimates and (if necessary) other amounts used in the Closing Statement, as adjusted in accordance with both Parties' post-Closing examination of the Books and Records of the Property and on facts discovered by either Party after Closing, and Purchaser shall provide Seller with reasonable access to the post-Closing Books and Records for the purpose of conducting such examination; provided, however that

if Purchaser does not prepare and deliver to Seller a Final Statement on or before the ninetieth (90<sup>th</sup>) day after Closing, Seller shall have the right, same legal effect, validity and enforceability as a paper record. This Amendment may be executed in as many counterparts as necessary or convenient, including both paper and electronic counterparts, but not the obligation, to prepare and deliver to Purchaser a Final Statement no later than all such counterparts are one hundred twenty (120) days after the Closing. Upon delivery by either Party to the other Party of a Final Statement, the Parties shall act reasonably and in good faith to reconcile and agree upon the correct Final Statement. In the event either Party has submitted to the other Party a Final Statement and the Parties have not agreed upon the Final Statement within thirty (30) days, either Party may, by providing prior written notice to the other Party, refer any items of the Final Statement which have not been agreed upon (the "Unresolved Items") to be resolved by a nationally recognized accounting firm mutually agreed upon by the Parties (the "Arbiter") in accordance with Section 11.6. Within ten (10) Business Days after Seller and Purchaser have agreed to the Final Statement or the Final Statement has been resolved in accordance with Section 11.6, as applicable, Purchaser or Seller (as the case may be) shall pay to the other the net amount owing on the final settlement of the Closing proration, credits and other adjustments as shown by the agreed or resolved Final Statement. This Section 11.2.22, together with all subsections of Section 11.2 as are necessary to give effect to this Section 11.2.22, shall survive the Closing until the Final Statement is agreed upon or resolved as provided in this Section 11.2.22 (and Section 11.6, as applicable) and the final true-up payment has been made pursuant thereto.

45

2230752.03F-NYCSR03A - MSW

### **11.3 Accounts Receivable.**

11.3.1. **Guest Ledger.** At Closing, Seller shall receive a credit in an amount equal to: (i) all amounts charged to the Guest Ledger for all room nights up to (but not including) the night during which the Cut-Off Time occurs (net of sales and occupancy taxes and bad debts), less an amount equal to the actual credit card commissions allocable to such amounts, which commissions shall be paid by Purchaser out of Accounts Receivable when and as collected, and (ii) one half (½) of all amounts charged to the Guest Ledger for the room night which includes the Cut-Off Time (net of sales and occupancy taxes and bad debts), less an amount equal to the actual credit card commissions allocable to such amounts, which commissions shall be paid by Purchaser out of Accounts Receivable when and as collected, and Purchaser shall be entitled to retain all deposits made and amounts collected with respect to such Guest Ledger. Notwithstanding the foregoing, nothing contained in this Section 11.3.1 applies to any restaurant and bar charges on the Guest Ledger, all of which shall be prorated in accordance with Section 11.2.18 hereof, or any function revenues, all of which shall be prorated in accordance with Section 11.2.19 hereof. Any retail, sales, occupancy, liquor taxes and related impositions allocable to the Guest Ledger charges apportioned pursuant to this Section 11.3.1 shall be apportioned between Seller and Purchaser based on such apportionment of such Guest Ledger charges.

11.3.2. **Accounts Receivable (Other than Guest Ledger).** At Closing, Seller shall receive a credit for all Accounts Receivable (other than the Guest Ledger which is addressed in Section 11.3.1) aged not more than sixty (60) days as of the Closing Date. Purchaser shall be entitled to all amounts collected for such Accounts Receivable.

### **11.4 Transaction Costs.**

11.4.1. **Seller's Transaction Costs.** In addition to the other costs and expenses to be paid by Seller set forth elsewhere in this Agreement, Seller shall pay for the following items in connection with this transaction: (i) the fees and expenses of removing or curing any Unpermitted Exceptions as required under Section 5.3.4; (ii) the premiums and costs for obtaining the Title Policy without extended coverage or any



endorsements thereto (other than endorsements which are obtained by Seller in order to satisfy its obligations hereunder to cure Unpermitted Exceptions, which shall be borne by Seller), (iii) one half (½) of recording charges and the fees and expenses for the Escrow Agent; (iv) the fees and expenses of its own attorneys, accountants, financial advisors and consultants; and (v) the brokerage commission due to the Broker.

**11.4.2. Purchaser's Transaction Costs.** In addition to the other costs and expenses to be paid by Purchaser as set forth elsewhere in this Agreement, Purchaser shall pay for the following items in connection with this transaction: (i) the fees and expenses incurred by Purchaser for Purchaser's Inspectors or otherwise in connection with the Inspections; (ii) the premiums and costs for obtaining for the Title Policy with extended coverage and all endorsements to the Title Policy in excess of the premiums and costs to be borne by Seller pursuant to clause (ii) of Section 11.4.1; (iii) the fees and expenses for any zoning report, any update to the Existing Survey and any Updated Survey; (iv) any fees or expenses payable for the assignment, transfer or conveyance of the HMA Documents, the Condominium Documents, the Golf Course Use Agreements, the Tennis License Agreement, the Hotel Facilities Agreement, the Cost Sharing Agreement, the Revenue Sharing Agreement, the Contracts, the Licenses and Permits, the IT Systems, the Intellectual Property, the Plans and Specifications and the Warranties; (v) any mortgage tax, title insurance fees and expenses for any loan title insurance policies, recording charges or other amounts payable in connection with any financing obtained by Purchaser; (vi) any state, city, and county transfer, recordation, sales, use or similar taxes payable in connection with the conveyance of the Property, if any (and Purchaser shall be responsible for remitting any

46

2230752.03F-NYCSR03A - MSW

required payments at the times and in the amounts required by applicable law with respect to such taxes), (vii) one half (½) of recording charges and the fees and expenses for the Escrow Agent; and (viii) the fees and expenses of its own attorneys, accountants, financial advisors and consultants.

**11.4.3. Other Transaction Costs.** All other fees, costs and expenses not expressly addressed in this Section 11.4 or elsewhere in this Agreement shall be allocated between Seller and Purchaser in accordance with applicable local custom for similar transactions.

**11.4.4. Bulk Sales.** Purchaser and Seller hereby waive compliance with the notice provisions of any applicable bulk sales statute in effect.

**11.4.5. Survival.** The provisions of this Section 11.4 shall survive the Closing.

## **11.5 Ongoing Work.**

**11.5.1. Fee Seller and/or Leasehold Seller** are presently pursuing the capital projects on the Property (the "Ongoing Work") more particularly described on Schedule 11.5.1. Fee Seller and/or Leasehold Seller, as applicable, shall use commercially reasonable efforts to continue to pursue the Ongoing Work prior to Closing; provided, that, Purchaser agrees to accept the Property at Closing subject to the Ongoing Work in its then existing state of completion as of the Closing. At Closing, the Ongoing Work Contracts and any related agreements associated with the Ongoing Work, in each case which have not expired or been terminated in accordance with the terms hereof, shall be assigned by Fee Seller and/or Leasehold Seller, as applicable, to Purchaser and Purchaser shall assume the obligation to complete such Ongoing Work. Seller shall receive a credit at Closing in an amount equal to any amounts Fee Seller or Leasehold Seller paid under the Ongoing Work Contracts for work during the period after the Cut-Off Time, and Purchaser shall receive a credit at the Closing in an amount equal to any amounts which have accrued with respect to work during the period



through the Cut-Off Time under the Ongoing Work Contracts but not been paid as of the Closing. Upon assignment of any applicable Ongoing Work Contracts by Fee Seller and/or Leasehold Seller to Purchaser and receipt by Purchaser and Seller of the applicable credits described in this [Section 11.5.1](#), Seller shall have no further liability to Purchaser or any other Person for the Ongoing Work or the costs associated therewith. Seller shall provide any lien waivers or other reasonable documentation required by the Title Company (as modified to include Seller's reasonable revisions) to provide mechanics lien coverage under the Title Policy for the Ongoing Work which may have been completed prior to the Closing Date.

**11.5.2.** Prior to the Closing, Seller shall not terminate any Ongoing Work Contracts, or enter into any new contracts for capital projects on the Property, including any engineering agreements, architect agreements, development design agreements, contractor agreements and similar agreements, or any amendments of Ongoing Work Contracts which modify the scope of work or consideration thereunder (collectively, "New Ongoing Work Contracts"), in each case without the consent of Purchaser, which consent shall not be unreasonably withheld, conditioned or delayed. In the event any New Ongoing Work Contract is entered into with the consent of Purchaser, such New Ongoing Work Contract shall become an Ongoing Work Contract and the work contemplated thereby shall be Ongoing Work, all of which shall be subject to the terms and conditions of [Section 11.5.1](#) above; provided, however, that notwithstanding the terms and conditions of [Section 11.5.1](#) above, Seller shall receive a credit at Closing in an amount equal to any amounts Fee Seller or Leasehold Seller paid under the New Ongoing Work Contracts for any period, and Purchaser shall not be entitled to any credit for amounts paid or payable under the New Ongoing Work Contracts. Purchaser has pre-approved the information, documentation and parameters for certain anticipated New Ongoing Work Contracts as set forth on [Schedule 11.5.2](#), and acknowledges and agrees that its approval rights set forth in this [Section 11.5.2](#) with respect

47

2230752.03F-NYCSR03A - MSW

to such anticipated New Ongoing Work Contracts shall be limited solely to the terms and provisions of the final documentation therefor which is inconsistent with the information, documentation and parameters set forth on [Schedule 11.5.2](#). Notwithstanding anything to the contrary contained herein, in the event Seller terminates any New Ongoing Work Contracts in accordance with this [Section 11.5.2](#), such New Ongoing Work Contracts shall not be assigned to Purchaser, and Seller shall not receive a credit for any costs paid thereunder. Notwithstanding anything to the contrary contained herein, Seller shall have no obligation to enter into any New Ongoing Work Contract, regardless of whether Purchaser has approved the same. In the event any New Ongoing Work Contracts are entered into or any New Ongoing Work Contracts are terminated as provided in this [Section 11.5.2](#), all representations and warranties pertaining to the Ongoing Work and Ongoing Work Contracts shall be deemed modified accordingly.

**11.6 Unresolved Items.** This [Section 11.6](#) shall apply to Unresolved Items which are to be resolved by the Arbiter pursuant [Section 11.2.22](#). Any Unresolved Items shall be resolved by the Arbiter consistent with fair and reasonable industry standards. Purchaser shall provide (or cause Manager to provide, as applicable) to the Arbiter all access to the books and records of the Property as are necessary to promptly resolve the Unresolved Items. Purchaser and Seller shall act in good faith to cause the Arbiter to resolve any Unresolved Items within ten (10) Business Days after such items have been referred to it. The costs, fees and expenses of the Arbiter shall be borne equally by Seller and Purchaser. The items of the Final Statement which have been agreed upon by Seller and Purchaser under [Section 11.2.22](#), together with the Unresolved Items as resolved by the Arbiter in accordance with this [Section 11.6](#), shall, collectively, constitute the Final Statement for all purposes hereunder. Purchaser and Seller agree to (i) be bound by such Final Statement and (ii) act in accordance with such Final Statement in making any true-up payments under [Section 11.2.22](#), in each case unless otherwise required by a change in Applicable Law or in connection with any reorganizations expressly

provided for under Sections 11.2.1, 11.2.11 or 11.2.15. The provisions of this Section 11.6 shall survive the Closing until the Final Statement is resolved as provided in this Section 11.6 and the final true-up payment has been made pursuant thereto.

## ARTICLE XII TRANSITION PROCEDURES

**12.1 Safe Deposit Boxes.** Prior to the Closing, Seller shall notify all guests or customers who are then using a safe deposit box at the Property (which is located outside of a guest room) advising them of the pending change in ownership of the Property and requesting them to conduct an inventory and verify the contents of such safe deposit box. All inventories by such guests or customers shall be conducted under the joint supervision of employees, agents or representatives of Seller and Purchaser. Upon such inventory and verification (or in the event such guest or customer does not verify the contents of such safe deposit box, the removal by such guest or customer of the contents thereof), Seller shall deliver to Purchaser all keys, receipts and agreements for such safe deposit box (and thereafter such safe deposit box shall be deemed an "Inventoried Safe Deposit Box"). If this Agreement is terminated after such inventory, Purchaser shall return all keys, receipts and agreements to Seller for such Inventoried Safe Deposit Boxes immediately upon such termination. Upon Closing, Seller shall deliver to Purchaser all keys in Seller's Possession for all safe deposit boxes not then in use, and a list of all safe deposit boxes which are then in use, but not yet inventoried by the depositor, with the name and room number of such depositor. After the Closing, the Parties shall make appropriate arrangements for guests and customers at the Hotel to inventory and verify the contents of the non-Inventoried Safe Deposit Boxes (or remove the contents thereof), and upon such inventory and verification or removal, Seller shall deliver to Purchaser all keys, receipt and agreements for such safe deposit box (and such safe deposit box thereafter shall constitute an Inventoried Safe Deposit Box). Purchaser shall be responsible for, and shall defend, indemnify and hold harmless the Seller Indemnitees in accordance with Article XV from and against any Indemnification Loss incurred

48

2230752.03F-NYCSR03A - MSW

by any Seller Indemnitees with respect to, any theft, loss or damage to the contents of any safe deposit box from and after the time such safe deposit box is deemed an Inventoried Safe Deposit Box pursuant to this Section 12.1. Seller shall be responsible for, and shall defend, indemnify and hold harmless the Purchaser Indemnitees in accordance with Article XV from and against any Indemnification Loss incurred by any Purchaser Indemnitees with respect to, any theft, loss or damage to the contents of any safe deposit box prior to the time such safe deposit box is deemed an Inventoried Safe Deposit Box. This Section 12.1 shall survive the Closing.

**12.2 Baggage.** On the Closing Date, employees, agents or representatives of the Parties jointly shall make a written inventory of all baggage, boxes and similar items checked in or left in the care of Seller at the Hotel, and Seller shall deliver to Purchaser the keys to any secured area which such baggage and other items are stored (and thereafter such baggage, boxes and other items inventoried shall be deemed the "Inventoried Baggage"). Purchaser shall be responsible for, and shall defend, indemnify and hold harmless the Seller Indemnitees in accordance with Article XV from and against any Indemnification Loss incurred by any Seller Indemnitees with respect to any theft, loss or damage to any Inventoried Baggage from and after the time of such inventory, and any other baggage, boxes or similar items left in the care of Purchaser which was not inventoried by the Parties. Seller shall be responsible for, and shall indemnify and hold harmless the Purchaser Indemnitees in accordance with Article XV from and against any Indemnification Loss incurred by any Purchaser Indemnitees with respect to any theft, loss or damage to any Inventoried Baggage prior to the time of such inventory, and any other baggage, boxes or similar items left in the care of Seller which was not inventoried by the Parties. This Section 12.2 shall survive the Closing.

**12.3 IT Systems.** With respect to the IT Systems other than the Excluded Property, the Parties shall cooperate with each other in (i) obtaining any consents or approvals necessary for the assignment or transfer of such IT Systems from Seller to Purchaser, or a new license for such IT Systems (as the case may be), and (ii) Purchaser shall pay any fees or expenses charged by the licensor, vendor or supplier of such IT Systems in respect of such assignment or transfer or new license (as the case may be).

## ARTICLE XIII

### DEFAULT AND REMEDIES

**13.1 Seller's Default.** If, at or any time prior to Closing, Seller fails to perform its covenants or obligations under this Agreement in any material respect, which breach or default is not caused by a Purchaser Default (a "Seller Default"), and no Purchaser Default has occurred which remains uncured, then Purchaser, as its sole and exclusive remedies, may elect to (a) terminate this Agreement, in which case the Deposit shall be refunded to Purchaser in accordance with the Deposit Escrow Agreement, and the Parties shall have no further rights or obligations under this Agreement, except those which expressly survive such termination; (b) proceed to Closing without any reduction in or setoff against the Purchase Price, in which case Purchaser shall be deemed to have waived such Seller Default; or (c) seek a court order for specific performance. Notwithstanding the foregoing, in the event of a termination of this Agreement due to a Seller Default, Seller shall reimburse Purchaser for all of its reasonable actual, third party out-of-pocket costs incurred in connection with the transactions contemplated hereunder including, without limitation, diligence costs, financing costs and attorneys' fees and costs (as substantiated by invoices for the same), in an aggregate amount not to exceed Three Hundred Fifty Thousand and 00/100 Dollars (\$350,000.00).

**13.2 Seller's Right to Cure.** Notwithstanding anything to the contrary in this Agreement, Purchaser shall not have the right to exercise its remedies under clauses (a) or (c) of Section 13.1 for a Seller Default or failure of a Purchaser Closing Condition under Section 9.2.1(a) or 9.2.1(b) (a "Purchaser Closing Condition Failure"), unless Purchaser has provided written notice to Seller

49

2230752.03F-NYCSR03A - MSW

specifying in reasonable detail the nature of the Seller Default or Purchaser Closing Condition Failure (as the case may be), and Seller has not cured such Seller Default or Purchaser Closing Condition Failure (as the case may be) on or prior to the Closing Date (the "Seller Cure Period"). Seller shall further have the right (but not the obligation) to cure any Seller Default or Purchaser Closing Condition Failure by providing an indemnification to the Purchaser Indemnitees in accordance with Article XV from and against any Indemnification Loss incurred by any Purchaser Indemnitees as a result of the events or circumstances on which such Seller Default or Purchaser Closing Condition Failure is based (the "Indemnification Cure Right"), in which case Section 15.2 shall be deemed amended at Closing to provide for such indemnification by Seller, and Purchaser shall proceed to Closing without any reduction in or setoff against the Purchase Price; provided, however, that the Indemnification Cure Right shall be limited to Indemnification Losses that are liquidated amounts or otherwise readily ascertainable. same letter agreement. For the avoidance of doubt, the Indemnification Cure Right authorization under this paragraph may include, without limitation, use or acceptance by Bank of America, N.A. of a manually signed paper Communication which has been converted into electronic form (such as scanned into pdf format), or an electronically signed Communication converted into another format, for transmission, delivery and/or retention. For purposes hereof, (i) "Electronic Record" and "Electronic Signature" shall (x) not have the meanings assigned to them, respectively, by 15 USC §7006, as it may be available amended from time to cure time and (ii) "Communication" shall mean this Amendment and any Purchaser Closing Conditions under document, amendment, approval, consent, information, notice, certificate, request, statement, disclosure or authorization related to this Amendment.

9. **Section 9.2.1(c)** through (f), (y) not be subject to the Threshold or the Cap, and (z) if Seller elects to indemnify the Purchaser Indemnitees pursuant to the Indemnification Cure Right, such obligation shall survive Closing until the expiration of the Indemnification Cure Right. The Loan Parties hereby acknowledge that, as of the applicable statute date hereof, the Obligations under the Credit Agreement and under the other Loan Documents are absolute and unconditional without any right of limitations period (the rescission, setoff, counterclaim, defense, offset, cross-complaint, claim or demand of any kind or nature from Administrative Agent, Borrower and Parent hereby voluntarily and knowingly release and forever discharge Administrative Agent, Lenders and their respective agents, employees, successors, and assigns (collectively, the “**Released Parties**”) from all possible claims, demands, actions, causes of action, damages, costs, expenses, and liabilities whatsoever arising from or whether known or unknown, anticipated or unanticipated, suspected or unsuspected, fixed, contingent, or conditional, at law or in equity, originating in whole or in part on or before the date hereof which any Loan Party may now or hereafter have against the Released Parties agreeing that in connection with the Loan Documents, if any, and irrespective of whether any such statute claims arise out of limitations with respect to such indemnification obligation shall be tolled pending contract, tort, violation of law or regulations, or otherwise, including, without limitation, any claim period and during the pendency of any claims related to the underlying matter).

**13.3 Purchaser’s Default.** If Purchaser fails to perform any of its other covenants contracting for, charging, taking, reserving, collecting, or obligations under this Agreement receiving interest in any material respect which breach or default is not caused by a Seller Default (a “**Purchaser Default**”), and such Purchaser Default is not the result of a Seller Default that has occurred and remains uncured, then Seller, as its sole and exclusive remedy, may elect to (A) terminate this Agreement by providing written notice to Purchaser, in which case the Deposit shall be disbursed to Seller in accordance with the Deposit Escrow Agreement, and the Parties shall have no further rights or obligations under this Agreement, except those which expressly survive such termination, or (B) proceed to Closing pursuant to this Agreement, in which case Seller shall be deemed to have waived such Purchaser Default.

**13.4 LIQUIDATED DAMAGES.** THE PARTIES ACKNOWLEDGE AND AGREE THAT IF THIS AGREEMENT IS TERMINATED PURSUANT TO SECTION 13.3 HEREOF, THE DAMAGES THAT SELLER WOULD SUSTAIN AS A RESULT OF SUCH TERMINATION WOULD BE IMPRACTICAL AND EXTREMELY DIFFICULT, IF NOT IMPOSSIBLE, TO ASCERTAIN. ACCORDINGLY, THE PARTIES AGREE THAT SELLER SHALL RETAIN THE DEPOSIT AS FULL AND COMPLETE LIQUIDATED DAMAGES (AND NOT AS A PENALTY) AS SELLER’S SOLE AND EXCLUSIVE REMEDY FOR SUCH TERMINATION; PROVIDED, HOWEVER, THAT IN ADDITION TO THE DEPOSIT AND REIMBURSEMENT OF SUCH COSTS AND EXPENSES, SELLER SHALL RETAIN ALL RIGHTS AND REMEDIES UNDER THIS AGREEMENT WITH RESPECT TO THOSE OBLIGATIONS OF PURCHASER WHICH EXPRESSLY SURVIVE SUCH TERMINATION. THIS SECTION 13.4 SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

#### **ARTICLE XIV**

#### **RISK OF LOSS**

**14.1 Casualty.** If, at any time after the Effective Date and prior to Closing or earlier termination of this Agreement, the Real Property or any portion thereof is damaged or destroyed by fire or any other casualty (a “**Casualty**”), Seller shall give written notice of such Casualty to Purchaser promptly after the occurrence of such Casualty.

**14.1.1. Material Casualty.** If the amount excess of the repair restoration of the Real Property required by a Casualty equals or exceeds twenty percent (20%) of the Purchase Price (a “**Material Casualty**”), and such Material Casualty was not caused by Purchaser or Purchaser’s highest lawful rate applicable.

50

2230752.03F-NYCSR03A - MSW

Inspectors or their respective employees, agents or representatives, then Purchaser shall have

**10. Entireties.** The Credit Agreement as amended by this Amendment represents the right to elect, by providing written notice to Seller within final agreement among the earlier of December 20, 2022 or ten (10) days after Purchaser's receipt of Seller's written notice of such Material Casualty, to (a) terminate this Agreement, in which case parties about the Deposit shall be refunded to Purchaser in accordance with the Deposit Escrow Agreement, and the Parties shall have no further rights or obligations under this Agreement, except those which expressly survive such termination, or (b) proceed to Closing, without terminating this Agreement, in which case Seller shall provide Purchaser with a credit against the Purchase Price in an amount equal to the applicable insurance deductible, and transfer and assign to Purchaser all of Seller's right, title and interest in and to all proceeds from all casualty and business interruption insurance policies maintained by Seller with respect to the Property, except those proceeds allocable to business interruption and costs incurred by Seller for the period prior to the Closing. If Purchaser fails to provide written notice of its election to Seller within such time period, then Purchaser shall be deemed to have elected to proceed to Closing pursuant to clause (b) subject matter of the preceding sentence. If the Closing is scheduled to occur within Purchaser's ten (10) day election period, the Closing shall Credit Agreement as amended by this Amendment and may not be postponed until the date which is five (5) Business Days after the expiration contradicted by evidence of such ten (10) day election period but in no event beyond December 30, 2022.

**14.1.2. Non-Material Casualty.** In the event of any (i) Casualty which is not a Material Casualty, prior, contemporaneous, or (ii) Material Casualty which is caused by Purchaser or Purchaser's Inspectors or their respective employees, agents or representatives, then Purchaser shall not have the right to terminate this Agreement, but shall proceed to Closing, in which case Seller shall (A) if such Casualty was not caused by Purchaser or Purchaser's Inspectors or their respective employees, agents or representatives, provide Purchaser with a credit against the Purchase Price in an amount equal to the lesser of: (1) the applicable insurance deductible, and (2) the reasonable estimated costs for the repair or restoration required by such Casualty to substantially the same quality and condition subsequent oral agreements of the Property immediately prior to such Casualty, and (B) transfer and assign to Purchaser all of Seller's right, title and interest in and to all proceeds from all casualty and lost profits insurance policies maintained by Seller with respect to parties. There are no unwritten oral agreements among the Property, except those proceeds allocable to any lost profits or costs incurred by Seller for the period prior to the Closing.

**14.2 Condemnation.** If, at any time after the Effective Date and prior to Closing or the earlier termination of this Agreement, any Governmental Authority commences any condemnation proceeding or other proceeding in eminent domain with respect to all or any portion of the Real Property (a "Condemnation"), Seller shall give written notice of such Condemnation to Purchaser promptly after Seller receives notice of such Condemnation.

**14.2.1. Material Condemnation.** If the Condemnation would (i) result in the permanent loss of more than twenty percent (20%) of the value of the Property as determined by an independent third-party appraisal of an appraiser reasonably selected by Seller, (ii) result in any permanent material reduction or restriction in access to the Land or Improvements, or (iii) have a materially adverse effect on the operation of the Property after the Closing Date as conducted prior to such Condemnation (a "Material Condemnation"), then Purchaser shall have the right to elect, by providing written notice to Seller within the earlier of December 20, 2022 or ten (10) days after Purchaser's receipt of Seller's written notice of such Material Condemnation, to (A) terminate this Agreement, in which case the Deposit shall be refunded to Purchaser in accordance with the Deposit Escrow Agreement, and the Parties shall have no further rights or obligations under this Agreement, except those which expressly survive such termination, or (B) proceed to Closing, without terminating this Agreement, in which case Seller shall assign to Purchaser all of Seller's right, title and interest in all proceeds and awards from such Material Condemnation. If Purchaser fails to provide written notice of its election to Seller within such time period, then Purchaser shall be deemed to have elected to proceed to Closing pursuant to clause (B) of the preceding sentence. If the Closing is scheduled to occur within Purchaser's ten

(10) day election period, the Closing shall be postponed until the date which is five (5) Business Days after the expiration of such ten (10) day election period but in no event beyond December 30, 2022.

14.2.2. **Non-Material Condemnation.** In the event of any Condemnation other than a Material Condemnation, Purchaser shall not have the right to terminate this Agreement, but shall proceed to Closing, in which case Seller shall assign to Purchaser all of Seller's right, title and interest in all proceeds and awards from such Condemnation.

## **ARTICLE XV**

### **SURVIVAL AND INDEMNIFICATION**

**15.1 Survival.** Except as expressly set forth in this Section 15.1, all representations, warranties, covenants, liabilities and obligations shall be deemed (i) if the Closing occurs, to merge in the Deed and not survive the Closing, or (ii) if this Agreement is terminated, not to survive such termination.

15.1.1. **Survival of Representations and Warranties.** If this Agreement is terminated, the representations and warranties in Sections 7.1.14, 7.1.21, 7.2.4 and 7.2.5 shall survive such termination until the expiration of the applicable statute of limitations. If the Closing occurs, the representations and warranties of Seller in Section 7.1 and of Purchaser in Section 7.2, and Seller's indemnification obligations under clause (iii) of Section 15.2, shall survive the Closing for a period commencing on the Closing Date and expiring at 5:00 p.m. (Eastern Time) on the date which is two hundred seventy (270) days after the Closing Date (the period any representation or warranty survives termination or the Closing as set forth in this Section 15.1.1 is referred to herein as the "Survival Period").

15.1.2. **Survival of Covenants and Obligations.** If this Agreement is terminated, only those covenants and obligations to be performed by the Parties under this Agreement which expressly survive the termination of this Agreement shall survive such termination. If the Closing occurs, only those covenants and obligations to be performed by the Parties under this Agreement which expressly survive the Closing shall survive the Closing.

15.1.3. **Survival of Indemnification.** This Article XV and all other rights and obligations of defense and indemnification as expressly set forth in this Agreement shall survive the Closing or termination of this Agreement. Notwithstanding the foregoing or anything to the contrary contained herein, all of Seller's obligations of defense and indemnification under this Agreement (including, without limitation, Seller's obligations with respect to prorations under Section 11.2.22, any Indemnification Cure Right exercised by Seller under Section 13.2 and any indemnification by Seller of the Purchaser Indemnitees under this Article XV) shall expire on the Outside Survival Date (if not already then expired); provided that if there are any outstanding Indemnification Claims or Indemnification Losses of which Seller has been given written notice by the applicable Purchaser Indemnitee on or prior to the date that is thirty (30) days after the expiration date of the applicable defense or indemnification obligation, Seller's obligations with respect to such Indemnification Claims or Indemnification Losses shall survive until they have been fully and finally resolved and all amounts payable by Seller with respect thereto, if any, have been fully paid.

**15.2 Indemnification by Seller.** Subject to the limitations set forth in Article VI, Sections 15.1, 15.4, 15.5, 15.6, and any other express provision of in this Agreement, Seller shall defend, indemnify and hold harmless the Purchaser Indemnitees from and against any Indemnification Loss incurred by any Purchaser Indemnitee to the extent resulting from (i) the breach of any express representations or warranties of Seller in this Agreement which expressly survive the Closing or termination of this Agreement (as the case may be), (ii) the breach by Seller of any of



its covenants or obligations under this Agreement which expressly survive the Closing or termination of this Agreement (as the case may be), and (iii) any Retained Liabilities.

**15.3 Indemnification by Purchaser.** Subject to the limitations set forth in this [Section 15.3](#) and [Sections 15.1, 15.4, 15.5 and 15.6](#), Purchaser shall defend, indemnify and hold harmless the Seller Indemnitees from and against any Indemnification Loss incurred by any Seller Indemnitee to the extent resulting from (i) any breach of any express representations or warranties of Purchaser in this Agreement which expressly survive the Closing or termination of this Agreement (as the case may be), (ii) any breach by Purchaser of any of its covenants or obligations under this Agreement which expressly survive the Closing or termination of this Agreement (as the case may be), or (iii) any Assumed Liabilities, including, without limitation, any damage to property or injury to or death of any person occurring on or about or in connection with the Property or any portion thereof or with respect to the Property's operations at any time or times from and after Closing.

**15.4 Limitations on Indemnification Obligations.**

**15.4.1. Failure to Provide Notice within Survival Period.** Notwithstanding anything else to the contrary in this Agreement, an Indemnitee which is seeking defense or indemnification for a breach of any representations or warranties shall be entitled to indemnification for such breach only if the Indemnitee has given written notice to the Indemnitor in accordance with [Section 15.5.1](#) prior to the expiration of the applicable Survival Period.

**15.4.2. Indemnification Threshold and Cap.** Notwithstanding anything to the contrary in this Agreement, (A) Seller shall not be required to provide indemnification to the Purchaser Indemnitees pursuant to [Section 15.2](#) except to the extent the aggregate amount of all Indemnification Losses incurred by the Purchaser Indemnitees for which Purchaser otherwise would be entitled to indemnification under [Section 15.2](#) exceeds Two Hundred Thousand and 00/100 Dollars (\$200,000.00) (the "Threshold"), and (B) Seller's liability for any and all indemnification claims shall not exceed three percent (3%) of the Purchase Price (the "Cap"); (x) provided, however, that in the event the Purchaser Indemnitees suffer Indemnification Losses in excess of the Cap and Seller actually receives insurance proceeds in excess of the Cap on account of the Indemnification Losses paid over to the Purchaser Indemnitees, Seller shall pay the amount of such excess insurance proceeds to the applicable Purchaser Indemnitees, less any applicable deductibles and Seller's costs and expenses of collection, and (y) provided, further, however, the Threshold and Cap shall not apply to (i) any Indemnification Losses arising from Seller's fraud, (ii) any amounts for any brokerage commission or fees, (iii) prorations or post-closing adjustments pursuant to [Section 11.2](#), (iv) any amounts under an Indemnification Cure Right pursuant to [Section 13.2](#), and (v) any reasonable out-of-pocket costs and expenses incurred by the Purchaser Indemnitees in making any Indemnification Claim and enforcing the provisions of this [Article XV](#).

**15.4.3. Failure to Provide Timely Notice of Indemnification Claim.** Notwithstanding anything to the contrary in this Agreement, an Indemnitee shall not be entitled to defense or indemnification to the extent the Indemnitee's failure to promptly notify the Indemnitor in accordance with [Section 15.5.1](#), (i) prejudices the Indemnitor's ability to defend against any Third-Party Claim on which such Indemnification Claim is based, or (ii) increases the amount of Indemnification Loss incurred in respect of such indemnification obligation of the Indemnitor.

**15.4.4. Effect of Taxes, Insurance or Other Reimbursement.** Notwithstanding anything to the contrary in this Agreement, the amount of any Indemnification Loss for which indemnification is provided to an Indemnitee under this [Article XV](#) shall be net of any tax benefits realized or insurance proceeds received by

such Indemnitee in connection with the Indemnification Claim, or any other third party reimbursement. The Indemnitee shall use

commercially reasonable efforts to realize any tax benefit, collect any insurance proceeds or obtain any third party reimbursement with respect to such Indemnification Claim, and if such tax benefits, insurance proceeds or reimbursement are realized or obtained by the Indemnitee after the Indemnitor has paid any amount in respect of an Indemnification Loss to the Indemnitee, the Indemnitee shall reimburse the Indemnitor for the amount realized or collected by the Indemnitee up to the amount received from the Indemnitor for such Indemnification Loss.

**15.4.5. Negligence or Willful Misconduct of Indemnitee.** Notwithstanding anything to the contrary in this Agreement, (i) a Purchaser Indemnitee shall not be entitled to defense or indemnification to the extent the applicable Indemnification Loss results from the negligence or willful misconduct of, or breach of this Agreement by, any Purchaser Indemnitee, and (ii) a Seller Indemnitee shall not be entitled to defense or indemnification to the extent the applicable Indemnification Loss results from the negligence or willful misconduct of, or breach of this Agreement by, any Seller Indemnitee.

**15.4.6. Waiver of Certain Damages.** NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT OR UNDER APPLICABLE LAW, SELLER (FOR ITSELF AND ALL SELLER INDEMNITEES) AND PURCHASER (FOR ITSELF AND ALL PURCHASER INDEMNITEES) HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVE AND DISCLAIM ALL RIGHTS TO CLAIM OR SEEK ANY CONSEQUENTIAL, PUNITIVE, EXEMPLARY, STATUTORY OR TREBLE DAMAGES AND ACKNOWLEDGE AND AGREE THAT THE RIGHTS AND REMEDIES IN THIS AGREEMENT WILL BE ADEQUATE IN ALL CIRCUMSTANCES FOR ANY CLAIMS THE PARTIES (OR ANY INDEMNITEE) MIGHT HAVE WITH RESPECT THERETO.

## **15.5 Indemnification Procedure.**

**15.5.1. Notice of Indemnification Claim.** If any of the Seller Indemnitees or Purchaser Indemnitees (as the case may be) (each, an "Indemnitee") is entitled to defense or indemnification under Sections 4.1.5, 8.8, 15.2, 15.3 or 16.2 or any other express provision in this Agreement (each, an "Indemnification Claim"), the Party required to provide defense or indemnification to such Indemnitee (the "Indemnitor") shall not be obligated to defend, indemnify and hold harmless such Indemnitee unless and until such Indemnitee provides written notice to such Indemnitor promptly after such Indemnitee has actual knowledge of any facts or circumstances on which such Indemnification Claim is based or a Third-Party Claim is made on which such Indemnification Claim is based, describing in reasonable detail such facts and circumstances or Third-Party Claim with respect to such Indemnification Claim.

**15.5.2. Resolution of Indemnification Claim Not Involving Third-Party Claim.** If the Indemnification Claim does not involve a Third-Party Claim and is disputed by the Indemnitor, the dispute shall be resolved by litigation or other means of alternative dispute resolution as the Parties may agree in writing.

**15.5.3. Resolution of Indemnification Claim Involving Third-Party Claim.** If the Indemnification Claim involves a Third-Party Claim, the Indemnitor shall have the right (but not the obligation) to assume the defense of such Third-Party Claim, at its cost and expense, and shall use good faith efforts consistent with prudent business judgment to defend such Third-Party Claim, provided that (i) the counsel for the Indemnitor who shall conduct the defense of the Third-Party Claim shall be reasonably satisfactory to the Indemnitee (unless selected by Indemnitor's insurance company), (ii) the Indemnitee, at its cost and expense, may



participate in, but shall not control, the defense of such Third-Party Claim, and (iii) the Indemnitor shall not enter into any settlement or other agreement which requires any performance by the Indemnatee, other than the payment of money which shall be paid by the Indemnitor. The Indemnatee shall not enter into any settlement or other agreement with respect to the Indemnification Claim,

54

2230752.03F-NYCSR03A - MSW

without the Indemnitor's prior written consent, which consent may be withheld in Indemnitor's sole and absolute discretion. If the Indemnitor elects not to assume the defense of such Third-Party Claim, the Indemnatee shall have the right to retain the defense of such Third-Party Claim and shall use good faith efforts consistent with prudent business judgment to defend such Third-Party Claim in an effective and cost efficient manner.

**15.5.4. Accrual of Indemnification Obligations.** Notwithstanding anything to the contrary in this Agreement, the Indemnatee shall have no right to indemnification against the Indemnitor for any Indemnification Claim which (i) does not involve a Third-Party Claim but is disputed by Indemnitor, until such time as such dispute is resolved by written agreement or other means as the Parties otherwise may agree in writing, or (ii) involves a Third-Party Claim, until such time as such Third-Party Claim is concluded, including any appeals with respect thereto; provided, however, the Indemnitor shall assume the defense or pay the costs of the defense for such Third-Party Claim during the pendency of such Third-Party Claim in accordance with the provisions of this Article XV.

**15.5.5. Tax Treatment of Indemnity.** Seller and Purchaser agree that any indemnity payments made under this Agreement shall be treated as adjustments to the Purchase Price for all income tax purposes, unless otherwise required by a Determination.

**15.6 Exclusive Remedy for Indemnification Loss.** Except for claims based on fraud, the indemnification provisions in this Article XV shall be the sole and exclusive remedies of any Indemnatee with respect to any claim for Indemnification Loss arising from or in connection with this Agreement.

## **ARTICLE XVI**

### **MISCELLANEOUS PROVISIONS**

#### **16.1 Notices**

**16.1.1. Method of Delivery.** All notices, requests, demands and other communications required to be provided by any Party under this Agreement (each, a "Notice") shall be in writing and delivered, at the sending Party's cost and expense, by (i) personal delivery, (ii) certified U.S. mail, with postage prepaid and return receipt requested, (iii) overnight courier service, or (iv) by a PDF or similar attachment to an e-mail, with a verification copy sent on the same day by any of the methods set forth in clauses (i), (ii) or (iii), to the recipient Party at the following address or e-mail address:

If to Seller:

c/o Strategic Hotels and Resorts  
150 North Riverside Plaza, Suite 4270  
Chicago, IL 60606  
Attention: Andre Zottoff and Legal Department  
E-mail: azottoff@strategichotels.com; slee@strategichotels.com

With a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP  
One Manhattan West  
New York, New York 10001  
Attention: Audrey Sokoloff, Esq. and Vered Rabia, Esq.  
E-mail: audrey.sokoloff@skadden.com and vered.rabia@skadden.com

55

2230752.03F-NYCSR03A - MSW

**If to Purchaser:**

BHR Scottsdale LP  
c/o Braemar Hotels & Resorts Inc.  
14185 Dallas Parkway, Suite 1100  
Dallas, Texas 75254  
Attention: Christopher Peckham  
E-mail: cpeckham@ashfordinc.com parties.

**With a copy to:**

Jackson Walker, LLP  
2323 Ross Avenue, 611. Parties. th Floor  
Dallas, Texas 75201  
Attention: Cynthia B. Nelson  
E-mail: cbnelson@jw.com

16.1.2. **Receipt of Notices.** All Notices sent by a Party under this Agreement shall be deemed **This Amendment binds and inures** to have been received by the Party to whom such Notice is sent upon (i) delivery to the address, facsimile number or e-mail address of the recipient Party, provided that such delivery is made prior to 5:00 p.m. (local time for the recipient Party) on a Business Day, otherwise the following Business Day, or (ii) the attempted delivery of such Notice if (A) such recipient Party refuses delivery of such Notice, or (B) such recipient Party is no longer at such address, facsimile number or e-mail address, and such recipient Party failed to provide the sending Party with its current address, facsimile number or e-mail address pursuant to **Section 16.1.3.**

16.1.3. **Change of Address.** The Parties and their respective counsel shall have the right to change their respective address, facsimile number and/or e-mail address for the purposes of this **Section 16.1** by providing a Notice of such change in address, facsimile number and/or e-mail address as required under this **Section 16.1.**

16.1.4. **Delivery by Party's Counsel.** The Parties agree that the attorney for such Party shall have the authority to deliver Notices on such Party's behalf to the other Party hereto.

**16.2 No Recordation.** Neither Purchaser, any Affiliate of Purchaser, nor any Person acting by or on behalf of Purchaser shall record this Agreement, or any memorandum or other notice of this Agreement, in any public records; provided, that, if Purchaser commences, in good faith, an action for specific performance following a Seller Default in accordance with **Section 13.1**, Purchaser may file a lis pendens in connection with such action for specific performance. In the event of a violation of the preceding sentence, Purchaser hereby grants a power of attorney to Seller (which power is coupled with an interest and shall be irrevocable) to record on behalf of Purchaser a memorandum or other notice executed by Purchaser removing this Agreement or any memorandum, lis pendens or other notice of this Agreement from the public records or evidencing the termination of this Agreement. In furtherance of the foregoing, Purchaser (i) acknowledges

that the filing of a lis pendens or other evidence of Purchaser's rights or the existence of this Agreement against all or a portion of the Property could cause significant monetary and other damages to Seller and (ii) hereby agrees to indemnify Seller from and against any and all claims, losses, liabilities and expenses (including, without limitation, reasonable attorneys' fees incurred in the enforcement of the foregoing indemnification obligation) arising out of the breach by Purchaser of any of its obligations under this Section 16.2.

**16.3 Time is of the Essence.** Time is of the essence of this Agreement; provided, however, that notwithstanding anything to the contrary in this Agreement, if the time period for the performance of any covenant or obligation, satisfaction of any condition or delivery of any

56

2230752.03F-NYCSR03A - MSW

Notice or item required under this Agreement shall expire on a day other than a Business Day, such time period shall be extended automatically to the next Business Day.

**16.4 Assignment.** Purchaser shall not assign this Agreement or any interest therein to any Person, without the prior written consent of Seller, which consent may be withheld in Seller's sole and absolute discretion. Notwithstanding the foregoing, Purchaser shall have the right to designate one or more of its Affiliates as its nominees to receive title to the Property (or any portion thereof), and/or assign all of its right, title and interest in this Agreement to any Affiliate of Purchaser by providing written notice to Seller no later than ten (10) days prior to the Closing; provided, however, that (a) any such Affiliate remains an Affiliate of Purchaser through the Closing, (b) Purchaser shall not be released from any of its liabilities and obligations under this Agreement by reason of such designation or assignment unless and until the Closing occurs, and (c) such designation or assignment shall not be effective until Purchaser has provided Seller with a fully executed copy of such designation or assignment and assumption instrument, which shall (i) provide that Purchaser and such designee or assignee shall be jointly and severally liable for all liabilities and obligations of Purchaser under this Agreement, (ii) provide that Purchaser and its designee(s) or assignee(s) agree to pay any additional transfer tax as a result of such designation or assignment, and (iii) include a representation and warranty in favor of Seller that all representations and warranties made by Purchaser in this Agreement are true and correct with respect to such designee or assignee as of the date of such designation or assignment, and will be true and correct as of the Closing.

**16.5 Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the Parties, Borrower, Parent, Administrative Agent, each Lender, and their respective successors and permitted assigns.

**16.6 Third Party Beneficiaries.** This Agreement shall not confer any rights or remedies on any Person other than (i) the Parties and their respective successors and permitted assigns, and (ii) any Indemnitee to the extent such Indemnitee is expressly provided any right of defense or indemnification in this Agreement.

**16.7 GOVERNING LAW.** THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ANY PRINCIPLES REGARDING CONFLICT OF LAWS.

**16.8 Rules of Construction.** The following rules shall apply to the construction and interpretation of this Agreement:

16.8.1. Singular words shall connote the plural as well as the singular, and plural words shall connote the singular as well as the plural, and the masculine shall include the feminine and the neuter, as the context may require.

16.8.2. All references in this Agreement to particular articles, sections, subsections or clauses (whether in upper or lower case) are references to articles, sections, subsections or clauses of this Agreement. All references in this Agreement to particular exhibits or schedules (whether in upper or lower case) are references to the exhibits and schedules attached to this Agreement, unless otherwise expressly stated or clearly apparent from the context of such reference.

16.8.3. The headings in this Agreement are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

16.8.4. Each Party and its counsel have reviewed and revised (or requested revisions of) this Agreement and have participated in the preparation of this Agreement, and therefore any

57

2230752.03F-NYCSR03A - MSW

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rules of construction requiring that ambiguities are to be resolved against the Party which drafted the Agreement or any exhibits hereto shall not be applicable in the construction and interpretation of this Agreement or any exhibits hereto.

16.8.5. The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms shall refer to this Agreement, and not solely to the provision in which such term is used.

16.8.6. The terms "include," "including" and similar terms shall be construed as if followed by the phrase "without limitation".

16.8.7. The terms "sole discretion" and "sole and absolute discretion" with respect to any determination to be made a Party under this Agreement shall mean the sole and absolute discretion of such Party, without regard to any standard of reasonableness or other standard by which the determination of such Party might be challenged.

**16.9 Severability.** If any term or provision of this Agreement is held to be or rendered invalid or unenforceable at any time in any jurisdiction, such term or provision shall not affect the validity or enforceability of any other terms or provisions of this Agreement, or the validity or enforceability of such affected term or provision at any other time or in any other jurisdiction.

**16.10 JURISDICTION AND VENUE.** ANY LITIGATION OR OTHER COURT PROCEEDING WITH RESPECT TO ANY MATTER ARISING FROM OR IN CONNECTION WITH THIS AGREEMENT SHALL BE CONDUCTED IN THE NEW YORK STATE SUPREME COURT IN NEW YORK COUNTY OR THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK, IN THE STATE OF NEW YORK, AND SELLER (FOR ITSELF AND ALL SELLER INDEMNITEES) AND PURCHASER (FOR ITSELF AND ALL PURCHASER INDEMNITEES) HEREBY SUBMIT TO JURISDICTION AND CONSENT TO VENUE IN SUCH COURTS, AND WAIVE ANY DEFENSE BASED ON FORUM NON CONVENIENS.

**16.11 WAIVER OF TRIAL BY JURY.** EACH PARTY HEREBY WAIVES ITS RIGHT TO A TRIAL BY JURY IN ANY LITIGATION OR OTHER COURT PROCEEDING WITH RESPECT TO ANY MATTER ARISING FROM OR IN CONNECTION WITH THIS AGREEMENT.

**16.12 Prevailing Party.** If any litigation or other court action, arbitration or similar adjudicatory proceeding is commenced by any Party to enforce its rights under this Agreement against any other Party, all fees, costs and expenses, including, without limitation, reasonable attorneys' fees and court costs, incurred by the prevailing Party in such litigation, action, arbitration or proceeding shall be reimbursed by the losing Party; provided, that if a Party to such litigation, action, arbitration or proceeding prevails in part, and loses in part,

the court, arbitrator or other adjudicator presiding over such litigation, action, arbitration or proceeding shall award a reimbursement of the fees, costs and expenses incurred by such Party on an equitable basis. This Section 16.12 shall survive the Closing.

**16.13 Incorporation of Recitals, Exhibits and Schedules.** The recitals to this Agreement, and all exhibits and schedules (as amended, modified and supplemented from time to time pursuant to Section 16.14) referred to in this Agreement are incorporated herein by such reference and made a part of this Agreement. Any matter disclosed in any schedule to this Agreement shall be deemed to be incorporated in all other schedules to this Agreement.

**16.14 Updates of Schedules.** Notwithstanding anything to the contrary in this Agreement, Seller shall have the right to amend and supplement any schedule, or provide a new schedule, to this Agreement from time to time without Purchaser's consent to the extent that (i) such schedule

58

2230752.03F-NYCSR03A - MSW

needs to be amended, supplemented, or provided to maintain the truth or accuracy of the applicable representation or warranty or the information disclosed therein due to a change in facts or circumstances which is not otherwise a default under this Agreement, or (ii) the underlying representation or warranty was qualified herein to Seller's Knowledge and Seller did not have Knowledge as of the Effective Date of the matter being disclosed in such amendment, supplement, or new schedule (each, a "New Disclosure"). If Seller makes any such New Disclosure, then such New Disclosure shall be expressly permitted and shall in no event constitute a Seller Default; provided, however, that in the event any New Disclosure (a) would make Seller's representations and warranties as set forth in this Agreement incorrect in any material respect as of the Closing, and (b) has or could reasonably be expected to result in a monetary loss and/or loss of value with respect to the Property that exceeds Two Hundred Thousand and 00/100 Dollars (\$200,000.00) ((a) and (b), collectively, the "Materiality Threshold"), Purchaser shall have the right, exercisable by written notice delivered to Seller, as its sole and exclusive remedy, to treat such New Disclosure as a Purchaser Closing Condition Failure, subject to Seller's right to cure under the provisions of Section 13.2. Should Purchaser fail to deliver such written notice to Seller before the scheduled Closing Date, such failure shall conclusively mean that Purchaser has determined to waive such right and proceed to Closing without any credit against the Purchase Price on account of such New Disclosure. Should Purchaser elect not terminate this Agreement as a result of any New Disclosure (or not have the right to terminate this Agreement due to Purchaser's failure to timely deliver written notice of a New Disclosure's breach of the Materiality Threshold, Seller's cure of the resulting Purchaser Closing Condition Failure or otherwise), Purchaser shall proceed to Closing notwithstanding any such New Disclosure without any credit against the Purchase Price on account of such New Disclosure, and the corresponding representation or warranty to which such New Disclosure relates shall be deemed qualified by such New Disclosure for the purposes of limiting the defense and indemnification obligations of Seller under this Agreement.

**16.15 Entire Agreement.** This Agreement sets forth the entire understanding and agreement of the Parties hereto, and shall supersede any letter of intent and any other agreements and understandings (written or oral) between the Parties on or prior to the Effective Date with respect to the transaction described in this Agreement.

**16.16 Amendments, Waivers and Termination of Agreement.** Except as set forth in Section 16.14, no amendment or modification to any terms or provisions of this Agreement, waiver of any covenant, obligation, breach or default under this Agreement or termination of this Agreement (other than as expressly provided in this Agreement), shall be valid unless in writing and executed and delivered by each of the Parties.

**16.17 Not an Offer.** The delivery by Seller of this Agreement executed by Seller shall not constitute an offer to sell the Property, and Seller shall have no obligation to sell the Property to Purchaser, unless and until all Parties have executed and delivered this Agreement to all other Parties.

**16.18 Execution of Agreement.** A Party may deliver executed (which shall include execution via electronic signature or scan of an original signature, in either case in .pdf format) signature pages to this Agreement by facsimile or e-mail transmission to any other Party, which facsimile or e-mail copy shall be deemed to be an original executed signature page. This Agreement may be executed (which shall include execution via electronic signature or scan of an original signature, in either case in .pdf format) in any number of counterparts, each of which shall be deemed an original and all of which counterparts together shall constitute one agreement with the same effect as if the Parties had signed the same signature page.

*[Remainder of page intentionally left blank; signatures on following pages]*

59

2230752.03F-NYCSR03A - MSW

**IN WITNESS WHEREOF,** each Party has caused this Agreement Page Intentionally Left Blank; Signature Pages to be executed and delivered in its name by a duly authorized officer or representative.

**FEE SELLER:**

**SHR FSST, LLC,**  
a Delaware limited liability company

By: /s/ Zhongyuan Li  
Name: Zhongyuan Li  
Title: Authorized Signatory

By: /s/ Michelle Curtright  
Name: Michelle Curtright  
Title: SVP - Accounting

**LEASEHOLD SELLER:**

**DTRS FSST, LLC,**  
a Delaware limited liability company

By: /s/ Zhongyuan Li  
Name: Zhongyuan Li  
Title: Authorized Signatory

By: /s/ Michelle Curtright  
Name: Michelle Curtright  
Title: SVP - Accounting

[Signatures continued on following page]

2230752.03F-NYCSR03A - MSW

**PURCHASER:**

**BHR SCOTTSDALE LP,**  
a Delaware limited partnership

By: BHR Scottsdale GP LLC,  
a Delaware limited liability company  
its general partner

By: /s/ Alex Rose  
Alex Rose  
Vice President Follow]

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EXECUTED as of the date first stated above.

**BRAEMAR HOSPITALITY LIMITED PARTNERSHIP**

By: Braemar OP General Partner LLC, its general partner

By: /s/ Alex Rose  
Name: Alex Rose  
Title: Executive Vice President

**BRAEMAR HOTELS & RESORTS INC.**

By: /s/ Alex Rose  
Name: Alex Rose  
Title: Executive Vice President

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**BANK OF AMERICA, N.A.,** as Administrative Agent

By: /s/ Erik Truette  
Name: Erik Truette  
Title: Vice President

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**BANK OF AMERICA, N.A.,** as a Lender and L/C Issuer

By: /s/ Will T. Bowers, Jr.  
Name: Will T. bowers, Jr.  
Title: Senior Vice President

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**TBK BANK, SSB,** as a Lender

By: /s/ Benjamin Key  
Name: Benjamin Key  
Title: Vice President



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MIDFIRST BANK, as a Lender

By: /s/ Todd Wright  
Name: Todd Wright  
Title: Senior Vice President

EXHIBIT 21.1

**Braemar Hotels & Resorts Inc.**  
**Subsidiaries Listing as of December 31, 2022 December 31, 2023**

All the subsidiaries listed below are incorporated or organized in Delaware except that (i) Braemar Hotels & Resorts Inc. is incorporated in Maryland, (ii) BHR Dorado LLC and BHR TRS Dorado LLC are organized in Puerto Rico and (iii) RC Hotels (Virgin Islands), Inc. is incorporated in the U.S. Virgin Islands.

**Braemar Hotels & Resorts Inc.**

Ashford BC GP LLC  
Ashford BC LP  
Ashford Chicago GP LLC  
Ashford Chicago Junior Mezz LLC  
Ashford Chicago LP  
Ashford Chicago Senior Mezz LLC  
Ashford HHC III LLC  
Ashford HHC Partners III LP  
Ashford Philadelphia Annex GP LLC  
Ashford Philadelphia Annex LP  
Ashford Pier House GP LLC  
Ashford Pier House LP  
Ashford Pier House Mezz A LLC  
Ashford Pier House Mezz B LLC  
Ashford San Francisco II LP

Ashford Sarasota GP LLC  
 Ashford Sarasota Holding Company LLC  
 Ashford Sarasota LP  
 Ashford Seattle Waterfront GP LLC  
 Ashford Seattle Waterfront LP  
 Ashford SF GP LLC  
 Ashford Thomas LLC  
 Ashford TRS BC LLC  
 Ashford TRS Chicago II LLC  
 Ashford TRS Chicago Junior Mezz LLC  
 Ashford TRS Chicago Senior Mezz LLC  
 Ashford TRS Philadelphia Annex LLC  
 Ashford TRS Pier House LLC  
 Ashford TRS Pier House Mezz A LLC  
 Ashford TRS Pier House Mezz B LLC  
 Ashford TRS Sarasota Holding Company LLC  
 Ashford TRS Sarasota LLC  
 Braemar Hotels & Resorts Inc.  
 Ashford BC GP LLC  
 Ashford BC LP  
 Ashford Chicago GP LLC  
 Ashford Chicago Junior Mezz LLC  
 Ashford Chicago LP  
 Ashford Chicago Senior Mezz LLC  
 Ashford HHC III LLC  
 Ashford HHC Partners III LP  
 Ashford Philadelphia Annex GP LLC  
 Ashford Philadelphia Annex LP  
 Ashford Pier House GP LLC  
 Ashford Pier House LP  
 Ashford Pier House Mezz A LLC  
 Ashford Pier House Mezz B LLC  
 Ashford San Francisco II LP  
 Ashford Sarasota GP LLC  
 Ashford Sarasota Holding Company LLC  
 Ashford Sarasota LP  
 Ashford Seattle Waterfront GP LLC  
 Ashford Seattle Waterfront LP  
 Ashford SF GP LLC  
 Ashford Thomas LLC  
 Ashford TRS BC LLC  
 Ashford TRS Chicago II LLC  
 Ashford TRS Chicago Junior Mezz LLC  
 Ashford TRS Chicago Senior Mezz LLC  
 Ashford TRS Philadelphia Annex LLC  
 Ashford TRS Pier House LLC

Ashford TRS Pier House Mezz A LLC  
Ashford TRS Pier House Mezz B LLC  
Ashford TRS Sarasota Holding Company LLC  
Ashford TRS Sarasota LLC  
Ashford TRS Sarasota Residence LLC  
Ashford TRS Seattle Waterfront LLC  
Ashford TRS SF LLC  
Ashford TRS Yountville Holding Company LLC  
Ashford TRS Yountville II LLC  
Ashford TRS Yountville LLC  
Ashford Yountville GP LLC  
Ashford Yountville Holding Company LLC  
Ashford Yountville II GP LLC  
Ashford Yountville II LP  
Ashford Yountville LP  
BHR Beverly Hills GP LLC  
BHR Beverly Hills LP  
BHR Dorado Holding LLC  
BHR Dorado LLC  
BHR Scottsdale GP LLC  
BHR Scottsdale LP  
BHR Scottsdale Storage LLC  
BHR SMA GP, LLC

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Ashford TRS Seattle Waterfront LLC

Ashford TRS SF LLC  
Ashford TRS Yountville Holding Company LLC  
Ashford TRS Yountville II LLC  
Ashford TRS Yountville LLC  
Ashford Yountville GP LLC  
Ashford Yountville Holding Company LLC  
Ashford Yountville II GP LLC  
Ashford Yountville II LP  
Ashford Yountville LP  
BHR Beverly Hills GP LLC  
BHR Beverly Hills LP  
BHR Dorado Holding LLC  
BHR Dorado LLC  
BHR Scottsdale GP LLC

BHR Scottsdale LP  
 BHR Scottsdale Storage LLC  
 BHR SMA GP, LLC  
 BHR SMA, LP  
 BHR Tahoe GP LLC  
 BHR Tahoe LP  
 BHR TRS Beverly Hills LLC  
 BHR TRS Dorado Holding LLC  
 BHR TRS Dorado LLC  
 BHR TRS Scottsdale LLC  
 BHR TRS Tahoe East LLC  
 BHR TRS Tahoe LLC  
 Braemar Hospitality Limited Partnership  
 Braemar OP General Partner LLC  
 Braemar OP Limited Partner LLC  
 Braemar TRS Corporation  
 CHH Capital Hotel GP LLC  
 CHH Capital Hotel Partners LP  
 CHH Capital Tenant Corp.  
 CHH III Tenant Parent Corp.  
 CHH Torrey Pines Hotel GP LLC  
 CHH Torrey Pines Hotel Partners LP  
 CHH Torrey Pines Tenant Corp.

BHR SMA, LP  
 BHR Tahoe GP LLC  
 BHR Tahoe LP  
 BHR TRS Beverly Hills LLC  
 BHR TRS Dorado Holding LLC  
 BHR TRS Dorado LLC  
 BHR TRS Scottsdale LLC  
 BHR TRS Tahoe East LLC  
 BHR TRS Tahoe LLC  
 Braemar Hospitality Limited Partnership  
 Braemar OP General Partner LLC  
 Braemar OP Limited Partner LLC  
 Braemar TRS Corporation  
 CHH Capital Hotel GP LLC  
 CHH Capital Hotel Partners LP  
 CHH Capital Tenant Corp.  
 CHH III Tenant Parent Corp.  
 CHH Torrey Pines Hotel GP LLC  
 CHH Torrey Pines Hotel Partners LP  
 CHH Torrey Pines Tenant Corp.  
 RC Hotels (Virgin Islands), Inc.

RC Hotels (Virgin Islands)

**Braemar Hotels & Resorts, Inc.****Special Purpose Entities Listing as of December 31, 2022 December 31, 2023**

Ashford Philadelphia Annex GP LLC  
 Ashford Philadelphia Annex LP  
 Ashford San Francisco II LP  
 Ashford Seattle Waterfront LP  
 CHH Capital Hotel Partners LP  
 CHH Torrey Pines Hotel Partners LP  
 Ashford TRS Philadelphia Annex LLC  
 CHH Capital Tenant Corp.  
 CHH Torrey Pines Tenant Corp.  
 CHH Capital Hotel GP LLC  
 CHH Torrey Pines Hotel GP LLC  
 Ashford Chicago LP  
 Ashford Chicago GP LLC  
 Ashford TRS Chicago II LLC  
 Ashford Pier House LP  
 Ashford Pier House GP LLC  
 Ashford TRS Pier House LLC  
 Ashford Pier House Mezz B LLC  
 Ashford Pier House Mezz A LLC  
 Ashford TRS Pier House Mezz B LLC  
 Ashford TRS Pier House Mezz A LLC  
 Ashford Yountville LP  
 Ashford Yountville GP LLC  
 Ashford TRS Yountville LLC

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Ashford Thomas LLC  
 RC Hotels (Virgin Islands), Inc.  
 Ashford SF GP LLC  
 Ashford TRS SF LLC  
 Ashford BC LP  
 Ashford BC GP LLC  
 Ashford TRS BC LLC  
 Ashford Yountville Holding Company LLC  
 Ashford Yountville II GP LLC

Ashford Yountville II LP  
Ashford TRS Yountville Holding Company LLC  
Ashford TRS Yountville II LLC  
Ashford Sarasota Holding Company LLC  
Ashford Sarasota GP LLC  
Ashford Sarasota LP  
Ashford TRS Sarasota Holding Company LLC  
Ashford TRS Sarasota LLC  
Ashford TRS Sarasota Residence LLC  
Ashford Seattle Waterfront GP LLC  
Ashford TRS Seattle Waterfront LLC  
Ashford Chicago Senior Mezz LLC  
Ashford Chicago Junior Mezz LLC  
Ashford TRS Chicago Senior Mezz LLC  
Ashford TRS Chicago Junior Mezz LLC  
BHR Tahoe LP  
BHR Tahoe GP LLC  
BHR TRS Tahoe LLC

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BHR TRS Tahoe East LLC  
BHR Beverly Hills GP LLC  
BHR TRS Beverly Hills LLC  
BHR Beverly Hills LP  
BHR Dorado LLC  
BHR Dorado Holding LLC  
BHR TRS Dorado LLC  
BHR TRS Dorado Holding LLC  
BHR Scottsdale LP  
BHR Scottsdale GP LLC  
BHR TRS Scottsdale LLC  
BHR Scottsdale Storage LLC

EXHIBIT 23.1

**Consent of Independent Registered Public Accounting Firm**

Braemar Hotels & Resorts Inc.  
Dallas, Texas

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-263517, 333-254588, 333-234663, 333-223799, 333-209389, 333-200718 and 333-200420) and Form S-8 (Nos. 333-271979, 333-264883, 333-256002, 333-218888, 333-204705 and 333-194968) of Braemar Hotels & Resorts Inc. (the "Company"), of our reports dated March 10, 2023 March 14, 2024, relating to the consolidated financial statements and financial statement schedule, and the effectiveness of

Braemar Hotels & Resorts Inc.'s the Company's internal control over financial reporting, which appear in this Annual Report on Form 10-K. Our report on the effectiveness of internal control over financial reporting expresses an adverse opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2022.

/s/ BDO USA, LLP P.C.

Dallas, Texas

March 10, 2023 14, 2024

## EXHIBIT 31.1

### CERTIFICATION

I, Richard J. Stockton, certify that:

1. I have reviewed this Annual Report on Form 10-K of Braemar Hotels & Resorts Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 10, 2023 March 14, 2024

/s/ RICHARD J. STOCKTON  
Richard J. Stockton  
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Deric S. Eubanks, certify that:

1. I have reviewed this Annual Report on Form 10-K of Braemar Hotels & Resorts Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 10, 2023 March 14, 2024

/s/ DERIC S. EUBANKS  
Deric S. Eubanks  
Chief Financial Officer



**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Braemar Hotels & Resorts Inc. (the "Company") on Form 10-K for the fiscal year ended ~~December 31, 2022~~ December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard J. Stockton, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: ~~March 10, 2023~~ March 14, 2024

/s/ RICHARD J. STOCKTON

Richard J. Stockton  
President and Chief Executive Officer

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Braemar Hotels & Resorts Inc. (the "Company") on Form 10-K for the fiscal year ended ~~December 31, 2022~~ December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Deric S. Eubanks, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: ~~March 10, 2023~~ March 14, 2024

/s/ DERIC S. EUBANKS

Deric S. Eubanks  
Chief Financial Officer

**Braemar Hotels & Resorts Inc.**

## Policy on Recoupment of Incentive Compensation

(Effective October 2, 2023)

This policy ("Policy") sets forth the terms and conditions under which Braemar Hotels & Resorts Inc. (the "Company") will seek reimbursement of certain incentive compensation paid or payable to certain current or former executive officers of the Company. This Policy as amended and restated herein substitutes for the Company's existing Policy on Recoupment of Incentive Compensation and, subject to Part A(vi) of this Policy, shall become effective October 2, 2023 (the "Effective Date"). Clause (vii) of Part A below defines certain capitalized terms that are used but not otherwise defined in this Policy.

### A. Required Recoupment

(i) Except as provided in below in this Policy, the Company will recover reasonably promptly the amount of erroneously awarded Incentive-Based Compensation ("Erroneously Awarded Compensation") in the event that the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

(ii) This Policy applies only to Incentive-Based Compensation that is Received by an individual: (a) after beginning service as an Executive Officer; (b) who served as an Executive Officer at any time during the performance period for the applicable Incentive-Based Compensation; and (c) during the three completed fiscal years immediately preceding the date that the Company is required to prepare an accounting restatement described in clause (i) above (together with any transition period resulting from a change in the Company's fiscal year within or immediately following those three completed fiscal years, provided that any transition period between the last day of the Company's previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to 12 months shall be deemed a completed fiscal year), regardless whether or when the restated financial statements are filed.

(iii) For purposes of this Policy, Erroneously Awarded Compensation is the amount of Incentive-Based Compensation that is Received that exceeds the amount of Incentive-Based Compensation that otherwise would have been Received had it been determined based on the restated amounts, computed without regard to any taxes paid. For Incentive-Based Compensation based on stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in an accounting restatement, the amount shall be based on a reasonable estimate of the effect of the accounting restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was Received, and the Company shall maintain documentation of that reasonable estimate and provide such documentation to the New York Stock Exchange (the "Exchange").

(iv) For purposes of this Policy, the date that the Company is required to prepare an accounting restatement as described in clause (i) above is the earlier to occur of: (a) the date the Board of Directors of the Company (the "Board"), a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an accounting restatement as described in clause (i) above; or (b) the date a court, regulator, or other legally authorized body directs the Company to prepare an accounting restatement as described in clause (i) above.

(v) The requirements of clause (i) above shall not apply if the Compensation Committee of the Board (the “Compensation Committee”) or a majority of the independent directors serving on the Board determine that recovery would be impracticable in any of the following circumstances: (a) the direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered, provided the Company has made a reasonable attempt to recover such Erroneously Awarded Compensation, has documented such reasonable attempt(s) to recover, and has provided that documentation to the Exchange; (b) recovery would violate home country law where that law was adopted prior to November 28, 2022, provided that the Company has obtained an opinion of home country counsel, acceptable to the Exchange, that recovery would result in such a violation and has provided such opinion to the Exchange; or (c) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company or its subsidiaries, to fail to meet the requirements of 26 U.S.C. Section 401(a)(13) or 26 U.S.C. Section 411(a) and regulations thereunder.

(vi) This Policy as amended and restated herein shall apply to all Incentive-Based Compensation that is Received by Executive Officers on or after the Effective Date that results from attainment of a Financial Reporting Measure based on or derived from financial information for any fiscal period ending on or after the Effective Date. The Company's Policy on Recoupment of Incentive Compensation as in effect immediately before the Effective Date shall continue to apply pursuant to its terms then in effect with respect to all other compensation subject to such policy as then in effect.

(vii) For purposes of this Policy, the following italicized terms shall have the meaning indicated:

“*Executive Officer*” means (a) the Company's president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer of the Company or its subsidiaries who performs a significant policy-making function for the Company, or any other person who performs significant policy-making functions for the Company and in any event (b) any individual identified as an executive officer of the Company pursuant to 17 C.F.R. Section 229.401(b).

“*Financial Reporting Measures*” means measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, any measures that are derived wholly or in part from such measures, and stock price and total shareholder return, regardless whether such measures are presented within the Company's financial statements or included in a filing with the Securities and Exchange Commission.

“*Incentive-Based Compensation*” means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure.

Incentive-Based Compensation is deemed “*Received*” in the Company's fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment or grant of Incentive-Based Compensation occurs after the end of that period.

(viii) This Policy shall be applied in a manner that is consistent with and does not cause a violation of, and shall be deemed to incorporate any provisions required to make it compliant with, applicable Exchange listing standards.

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## B. Miscellaneous

(i) The Company may, to the extent permitted by law, enforce all or part of an Executive Officer's repayment obligation under this Policy by any available means.

(ii) Except as provided in Part A(v) of this Policy, this Policy shall be administered and enforced by the Compensation Committee, except to the extent the Board shall designate another committee comprising exclusively independent directors or itself shall act (the Compensation Committee, such other committee or the Board, as applicable, the "Administrator"). The Administrator shall have full and final authority to make all determinations required under this Policy, and its decision as to all questions of interpretation and application of the Policy shall be final, binding and conclusive on all persons.

(iii) The recoupment of Incentive-Based Compensation under this Policy is in addition to any other right or remedy available to the Company. Without limiting the preceding sentence, this Policy is separate from and in addition to the requirements of Section 304 of the Sarbanes-Oxley Act of 2002 ("Section 304") that are applicable to the Company's Chief Executive Officer and Chief Financial Officer, and the Administrator shall consider any amounts paid to the Company by the Chief Executive Officer and Chief Financial Officer pursuant to Section 304 in determining any amount of Incentive-Based Compensation to recoup under this Policy.

(iv) The Company shall not indemnify an Executive Officer or any other person against the loss of Incentive-Based Compensation recouped pursuant to this Policy.

(v) This Policy may be amended at any time by the Administrator.

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