

2021 ANNUAL REPORT



ASHFORD  
HOSPITALITY TRUST

**Dear Fellow Shareholder,**

Looking back over the last two years, we cannot help but think about the profound impact COVID-19 has had on the U.S. hospitality industry, the communities we serve, and our daily lives. As I said in last year's annual report, Ashford Trust has had to make some difficult decisions due to COVID-19, but we believe this period highlighted the tenacity and resolve of our leadership team as we continued to take decisive actions to enhance our liquidity, deleverage our balance sheet and improve our financial position. It's been challenging at times, but we achieved our objectives of building up liquidity to handle the uncertain environment while positioning our organization to capitalize on the recovery.

To that end, we have delivered the Ashford Trust platform by over \$1.1 billion over the past 18 months and materially reduced our operational cash needs. Although we minimized our planned spend for capital expenditures, given the sizable strategic capital expenditures we made in our properties prior to the pandemic, we believe our hotels are in fantastic condition. Additionally, even with an already attractive loan maturity schedule and no significant debt maturities until 2024-2025, assuming extensions are exercised, we've been proactive in our capital markets activities and balance sheet management.

In addition to enhancements to our financial flexibility, we've been very pleased with the positive momentum we're seeing in the operating performance of our diverse hotel portfolio. Our best-in-class asset management team continues to be focused on pursuing initiatives to enhance our operating performance, including working closely with our property managers on aggressive cost control initiatives, driving ancillary revenue, and increasing operating margins. We believe these initiatives, as well as our portfolio's diversification, both geographically as well as by customer type, provide some very distinct advantages as we continue to look for opportunities to improve our operating performance in 2022.

As we begin 2022, we believe we have an improved balance sheet and sufficient capital resources to successfully navigate the recovery while remaining diligent in exploring ways to increase operational profitability, creating value through capital improvements, and enhancing our competitive position. We are also committed to looking for opportunities to grow our portfolio as we believe the industry has strong tailwinds with improving fundamentals, quickly healing debt markets, and significant private capital looking to buy hotel assets.

We're proud of our team's efforts over the past two years to remain resilient and we believe we have the right plan in place to capitalize on the recovery as it unfolds. We have a clear path forward and this plan includes continuing to maximize liquidity across the Company, optimizing the operating performance of our assets as they recover, deleveraging the balance sheet over time, and looking for opportunities to invest and grow our business for the long-term.

We have a track record of success when it comes to property acquisitions, joint ventures and asset sales, and expect they will continue to be part of our plans moving forward. We enter 2022 with a substantial amount of cash on our balance sheet and are exploring ways to go on offense.

We appreciate your continued trust and support in Ashford Hospitality Trust.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Robison Hays", with a stylized flourish at the end.

J. Robison Hays  
President & Chief Executive Officer

## Gallery



Crowne Plaza Key West  
Key West, Florida



Marriott Sugar Land  
Houston, Texas



One Ocean  
Atlantic Beach, Florida



La Posada de Santa Fe  
Santa Fe, New Mexico



Hyatt Regency Coral Gables  
Coral Gables, Florida



Hyatt Regency Long Island  
Hauppauge, New York



The Churchill  
Washington, District of Columbia



Westin Princeton  
Princeton, New Jersey



Ritz-Carlton Atlanta  
Atlanta, Georgia



Sheraton San Diego Mission Valley  
San Diego, California



Lakeway Resort and Spa  
Austin, Texas



Fremont Marriott Silicon Valley  
Fremont, California





Sheraton Anchorage  
Anchorage, Alaska



Hilton Costa Mesa  
Costa Mesa, California



Hilton Fort Worth  
Fort Worth, Texas



Le Pavillon  
New Orleans, Louisiana



Renaissance Palm Springs  
Palm Springs, California



Hilton Parsippany  
Parsippany, New Jersey



Marriott Gateway Crystal City  
Arlington, Virginia



Hilton Santa Fe  
Santa Fe, New Mexico



Marriott Beverly Hills  
Beverly Hills, California



W Atlanta - Downtown  
Atlanta, Georgia



Hilton Alexandria Old Town  
Alexandria, Virginia



Hilton Boston Back Bay  
Boston, Massachusetts

**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, 2021

**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: 001-31775**

**ASHFORD HOSPITALITY TRUST, INC.**

*(Exact name of registrant as specified in its charter)*

Maryland

*(State or other jurisdiction of incorporation or organization)*

86-1062192

*(IRS employer identification number)*

14185 Dallas Parkway

Suite 1200

Dallas

Texas

*(Address of principal executive offices)*

75254

*(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>AHT</b>	<b>New York Stock Exchange</b>
<b>Preferred Stock, Series D</b>	<b>AHT-PD</b>	<b>New York Stock Exchange</b>
<b>Preferred Stock, Series F</b>	<b>AHT-PF</b>	<b>New York Stock Exchange</b>
<b>Preferred Stock, Series G</b>	<b>AHT-PG</b>	<b>New York Stock Exchange</b>
<b>Preferred Stock, Series H</b>	<b>AHT-PH</b>	<b>New York Stock Exchange</b>
<b>Preferred Stock, Series I</b>	<b>AHT-PI</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 checked="" type="checkbox"/>	Accelerated filer	<input 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. ☒

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, 2021, the aggregate market value of 22,856,290 shares of the registrant's common stock held by non-affiliates was approximately \$1,042,247,000.

As of February 24, 2022, the registrant had 34,493,429 shares of common stock issued and outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the registrant's definitive Proxy Statement pertaining to the 2022 Annual Meeting of Stockholders are incorporated herein by reference into Part III of this Form 10-K.



**ASHFORD HOSPITALITY TRUST, INC.**  
**YEAR ENDED DECEMBER 31, 2021**  
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**SIGNATURES**

This Annual Report is filed by Ashford Hospitality Trust, Inc., a Maryland corporation (the “Company”). Unless the context otherwise requires, all references to the Company include those entities owned or controlled by the Company. In this report, the terms “the Company,” “Ashford Trust,” “we,” “us” or “our” mean Ashford Hospitality Trust, Inc. and all entities included in its consolidated financial statements. “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., our chairman emeritus, before its acquisition by Ashford Inc. on November 6, 2019. “Remington Hotels” refers to the same entity after the acquisition was completed, resulting in Remington Lodging & Hospitality, LLC becoming a subsidiary of Ashford Inc.

## 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”);
- the impact of the ongoing COVID-19 pandemic, including the resurgence of cases relating to the spread of the Delta, Omicron or other potential variants, on our business, financial condition, liquidity and results of operations;
- the impact of numerous governmental travel restrictions and other orders related to COVID-19 on our business including one or more possible recurrences of COVID-19 case surges causing state and local governments to reinstate travel restrictions;
- our business and investment strategy;
- anticipated or expected purchases or sales of assets;
- our projected operating results;
- completion of any pending transactions;
- our ability to restructure existing property level indebtedness;
- our ability to secure additional financing to enable us to operate our business during the pendency of COVID-related business weakness, which has materially impacted our operating cash flows and cash balances;
- our understanding of our competition;
- market trends;
- 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;
- adverse effects of the COVID-19 pandemic, including a significant reduction in business and personal travel and travel restrictions in regions where our hotels are located, and one or more possible recurrences of COVID-19 case surges causing a further reduction in business and personal travel and potential reinstatement of travel restrictions by state or local governments;
- extreme weather conditions may cause property damage or interrupt business;
- actions by our lender to accelerate the loan balance and foreclose on the hotel properties that are security for our loan that is in default;



- actions by the lenders of the Oaktree Credit Agreement to foreclose on our assets which are pledged as collateral;
- general volatility of the capital markets and the market price of our common and preferred stock;
- general and economic business conditions affecting the lodging and travel industry;
- changes in our business or investment strategy;
- availability, terms, and deployment of capital;
- unanticipated increases in financing and other costs, including a rise in interest rates;
- changes in our industry and the market 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 Inc. and its subsidiaries (including Ashford Hospitality Advisors LLC (“Ashford LLC”), Remington Hotels and Premier Project Management LLC (“Premier”), Braemar Hotels & Resorts Inc. (together with its subsidiaries, “Braemar”), our executive officers and our non-independent 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 real estate investment trusts (“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. Additionally, many of these risks and uncertainties are currently amplified by and will continue to be amplified by, or in the future may be amplified by, the COVID-19 outbreak and the numerous government travel restrictions imposed in response thereto. The extent to which COVID-19 impacts us will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the scope, severity and duration of the pandemic, the actions taken to contain the pandemic or mitigate its impact, and the direct and indirect economic effects of the pandemic and containment measures, among others. 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**

#### **Changes from Prior Periodic Report**

In this report we have complied with the disclosures required by the Securities and Exchange Commission (“SEC”) release No. 33-10825 “Modernization of Regulation S-K Items 101, 103, and 105”, and we have adopted the changes in disclosure standards included in SEC release No. 33-10890 “Management's Discussion and Analysis, Selected Financial Data, Supplementary Financial Information.”

#### **Modernization of Regulation S-K Items 101, 103 and 105**

Effective as of November 9, 2020, the SEC issued Release No. 33-10825, “Modernization of Regulation S-K Items 101, 103, and 105.” This release was adopted to modernize the description of business, legal proceedings, and risk factor disclosures that registrants are required to make pursuant to Regulation S-K. Specifically, this release requires registrants to provide disclosures relating to their human capital resources and to restructure their risk factor disclosures. Additionally, the release increases the threshold for disclosure of environmental proceedings to which the government is a party.

These changes are required for any annual period subsequent to the effective date of November 9, 2020. As such, we have adopted these changes in this report.

## Management's Discussion and Analysis, Selected Financial Data, and Supplementary Financial Information

In November 2020, the SEC issued Release No. 33-10890, "Management's Discussion and Analysis, Selected Financial Data, and Supplementary Financial Information," which became fully effective on August 9, 2021. This release was adopted to modernize, simplify, and enhance certain financial disclosure requirements in Regulation S-K. Specifically, the SEC eliminated the requirement for selected financial data, only requiring quarterly disclosure when there are retrospective changes affecting comprehensive income, and amending the matters required to be presented under Management's Discussion and Analysis ("MD&A") to, among other things, eliminate the requirement of the contractual obligations table.

We have eliminated from this document the items discussed above that are no longer required. Information on our contractual obligations is still disclosed in a narrative within the "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 of Part II of this report.

### GENERAL

Ashford Hospitality Trust, Inc., together with its subsidiaries ("Ashford Trust"), is a real estate investment trust ("REIT"). While our portfolio currently consists of upscale hotels and upper upscale full-service hotels, our investment strategy is predominantly focused on investing in upper upscale full-service hotels in the United States that have revenue per available room ("RevPAR") generally less than twice the U.S. national average, and in all methods including direct real estate, equity, and debt. We currently anticipate future investments will predominantly be in upper upscale hotels. We own our lodging investments and conduct our business through Ashford Hospitality Limited Partnership ("Ashford Trust OP"), our operating partnership. Ashford OP General Partner LLC, a wholly-owned subsidiary of Ashford Trust, serves as the sole general partner of our operating partnership. In this report, terms such as the "Company," "we," "us," or "our" refer to Ashford Hospitality Trust, Inc. and all entities included in its consolidated financial statements.

Our hotel properties are primarily branded under the widely recognized upscale and upper upscale brands of Hilton, Hyatt, Marriott and Intercontinental Hotel Group. As of December 31, 2021, we owned interests in the following assets:

- 100 consolidated hotel properties, which represent 22,313 total rooms;
- 85 hotel condominium units at WorldQuest Resort in Orlando, Florida ("WorldQuest");
- 16.7% ownership in OpenKey with a carrying value of \$2.8 million; and
- 32.5% ownership in 815 Commerce Managing Member LLC ("815 Commerce MM") with a carrying value of \$8.5 million.

For U.S. federal income tax purposes, we have elected to be treated as a REIT, which imposes limitations related to operating hotels. As of December 31, 2021, our 100 hotel properties were leased or owned by our wholly-owned subsidiaries that are treated as taxable REIT subsidiaries for U.S. federal income tax purposes (collectively, these subsidiaries are referred to as "Ashford TRS"). Ashford TRS then engages third-party or affiliated hotel management companies to operate the hotels under management contracts. Hotel operating results related to these properties are included in the consolidated statements of operations.

We are advised by Ashford Hospitality Advisors LLC ("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 hotel management companies to operate them for us under management contracts. Remington Hotels, a subsidiary of Ashford Inc., manages 68 of our 100 hotel properties and WorldQuest. 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 management services, debt placement and related services, audio visual services, real estate advisory services, insurance claims services, hypoallergenic premium rooms, broker-dealer and distribution services and mobile key technology. Effective December 31, 2020, the Investment Management Agreement with Ashford Investment Management, LLC ("AIM") was terminated. See note 16 to our consolidated financial statements.

As of December 31, 2021, Mr. Monty J. Bennett and Mr. Archie Bennett, Jr. together owned approximately 610,246 shares of Ashford Inc. common stock, which represented an approximate 20.2% ownership interest in Ashford Inc., and owned 18,758,600 shares of Ashford Inc. Series D Convertible Preferred Stock, which was exercisable (at an exercise price of \$117.50 per share) into an additional approximate 3,991,191 shares of Ashford Inc. common stock, which if exercised would have

increased the Bennetts' ownership interest in Ashford Inc. to 65.6%. The 18,758,600 shares of Series D Convertible Preferred Stock owned by Mr. Monty J. Bennett and Mr. Archie Bennett, Jr. include 360,000 shares owned by trusts.

## **Liquidity**

In December 2019, COVID-19 was identified in Wuhan, China, subsequently spread to other regions of the world, and resulted in significant travel restrictions and the extended shutdown of numerous businesses throughout the United States. In March 2020, the World Health Organization declared COVID-19 to be a global pandemic. Beginning in late February 2020, we experienced a significant decline in occupancy and RevPAR, and we expect the occupancy and RevPAR declines associated with COVID-19 to continue. The prolonged presence of the virus resulted in health and other government authorities imposing widespread restrictions on travel and other businesses.

On January 15, 2021, the Company entered into a senior secured term loan facility with Oaktree Capital Management L.P. ("Oaktree") (the "Oaktree Credit Agreement") comprised of (a) initial term loans in an aggregate principal amount of \$200 million, (b) initial delayed draw term loans (the "Initial DDTL") in an aggregate principal amount of up to \$150 million and (c) additional delayed draw term loans (the "Additional DDTL") in an aggregate principal amount of up to \$100 million. On October 12, 2021, the Company and Ashford Trust OP entered into Amendment No. 1 to the Credit Agreement ("Amendment No. 1 to the Oaktree Credit Agreement"). See note 7 to our consolidated financial statements.

As of December 31, 2021, the Company held cash and cash equivalents of \$592.1 million and restricted cash of \$99.5 million. The vast majority of the restricted cash comprises lender and manager held reserves. During 2020, the Company worked with its property managers and lenders in order to utilize lender and manager held reserves to fund operating shortfalls. The Company continues to have discussions with one of its lenders about a potential loan modification on its property level debt. On November 23, 2021, the Company announced that its board of directors declared cash dividends on the Company's 8.45% Series D Cumulative Preferred Stock, 7.375% Series F Cumulative Preferred Stock, 7.375% Series G Cumulative Preferred Stock, 7.50% Series H Cumulative Preferred Stock, and 7.50% Series I Cumulative Preferred Stock reflecting accrued and unpaid dividends for the quarters ending June 30, 2020, September 30, 2020, December 31, 2020, March 31, 2021, June 30, 2021, and September 30, 2021. The board of directors also declared cash dividends on the Company's 8.45% Series D Cumulative Preferred Stock, 7.375% Series F Cumulative Preferred Stock, 7.375% Series G Cumulative Preferred Stock, 7.50% Series H Cumulative Preferred Stock, and 7.50% Series I Cumulative Preferred Stock for the quarter ended December 31, 2021. The Company has continued the suspension of its common stock dividend into 2022 in light of the ongoing uncertainty from the COVID-19 pandemic and to protect liquidity.

We cannot predict when hotel operating levels will return to normalized levels after the effects of the pandemic subside, whether our hotels will be forced to shut down operations or whether one or more possible recurrences of COVID-19 case surges could result in further reductions in business and personal travel or potentially cause state and local governments to reinstate travel restrictions. Facts and circumstances could change in the future that are outside of management's control, such as additional government mandates, health official orders, travel restrictions and extended business shutdowns due to COVID-19.

## **BUSINESS STRATEGIES**

Based on our primary business objectives and forecasted operating conditions, our current key priorities and financial strategies include, among other things:

- acquisition of hotel properties, in whole or in part, that we expect will be accretive to our portfolio;
- disposition of non-core hotel properties;
- pursuing capital market activities to enhance long-term stockholder value;
- preserving capital, enhancing liquidity, and continuing current cost saving measures;
- implementing selective capital improvements designed to increase profitability and to maintain the quality of our assets;
- implementing effective asset management strategies to minimize operating costs and increase revenues;
- financing or refinancing hotels on competitive terms;
- utilizing hedges, derivatives and other strategies to mitigate risks;
- accessing cost effective capital; and
- making other investments or divestitures that our board of directors deems appropriate.

Our current investment strategy is to focus on owning predominantly full-service hotels in the upper upscale segment in domestic markets that have revenue per available room (“RevPAR”) generally less than twice the U.S. national average. We believe that as supply, demand, and capital market cycles change, we will be able to shift our investment strategy to take advantage of new lodging-related investment opportunities as they may develop. Our investments may include: (i) direct hotel investments; (ii) mezzanine financing through origination or acquisition; (iii) first mortgage financing through origination or acquisition; (iv) sale-leaseback transactions; and (v) other hospitality transactions.

Our strategy is designed to take advantage of lodging industry conditions and adjust to changes in market circumstances over time. Our assessment of market conditions will determine asset reallocation strategies. While we seek to capitalize on favorable market fundamentals, conditions beyond our control may have an impact on overall profitability, our investment opportunities and our investment returns. We will continue to seek ways to benefit from the cyclical nature of the hotel industry.

To take full advantage of future investment opportunities in the lodging industry, we intend to seek our investment opportunities according to the asset allocation strategies described below. However, due to ongoing changes in market conditions, we will continually evaluate the appropriateness of our investment strategies. Our board of directors may change any or all of these strategies at any time without stockholder approval or notice.

***Direct Hotel Investments***—In selecting hotels to acquire, we target hotels that offer either a high current return or the opportunity to increase in value through repositioning, capital investments, market-based recovery, or improved management practices. Our direct hotel acquisition strategy primarily targets full-service upscale and upper upscale hotels with RevPAR less than twice the national average in primary, secondary, and resort markets, typically throughout the U.S. and will seek to achieve both current income and appreciation. In addition, we will continue to assess our existing hotel portfolio and make strategic decisions to sell certain under-performing or non-strategic hotels that no longer fit our investment strategy or criteria due to micro or macro market changes or other reasons.

***Other Transactions***—We may also seek investment opportunities in other lodging-related assets or businesses that offer diversification, attractive risk adjusted returns, and/or capital allocation benefits, including mezzanine financing, first mortgage financing, and/or sale-leaseback transactions.

## **BUSINESS SEGMENTS**

We currently operate in one business segment within the hotel lodging industry: direct hotel investments. A discussion of our operating segment is incorporated by reference from note 23 to our consolidated financial statements set forth in Part II, Item 8. Financial Statements and Supplementary Data.

## **FINANCING STRATEGY**

We often utilize debt to increase equity returns. When evaluating our future level of indebtedness and making decisions regarding the incurrence of indebtedness, we consider a number of factors, including:

- our leverage levels across the portfolio;
- the purchase price of our investments to be acquired with debt financing;
- impact on financial covenants;
- cost of debt;
- loan maturity schedule;
- the estimated market value of our investments upon refinancing;
- the ability of particular investments, and our Company as a whole, to generate cash flow to cover expected debt service; and
- trailing twelve months net operating income of the hotel to be financed.

We may incur debt in the form of purchase money obligations to the sellers of properties, publicly or privately placed debt instruments, or financing from banks, institutional investors, or other lenders. Any such indebtedness may be secured or unsecured by mortgages or other interests in our properties. This indebtedness may be recourse, non-recourse, or cross-collateralized. If recourse, such recourse may include our general assets or be limited to the particular investment to which the indebtedness relates. In addition, we may invest in properties or loans subject to existing loans secured by mortgages or similar liens on the properties, or we may refinance properties acquired on a leveraged basis.

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.

In addition, if we do not have sufficient cash available, we may need to borrow to meet taxable income distribution requirements under the Code. No assurances can be given that we will obtain additional financings or, if we do, what the amount and terms will be. Our failure to obtain future financing under favorable terms could adversely impact our ability to execute our business strategy. In addition, we may selectively pursue debt financing on our individual properties and debt investments.

## **DISTRIBUTION POLICY**

No dividends can be paid on our common stock unless and until all accumulated and unpaid dividends on our outstanding preferred stock have been declared and paid. As of February 24, 2022, the Company had no accumulated unpaid dividends on its outstanding preferred stock. Additionally, under Maryland law and except for an ability to pay a dividend out of current earnings in certain limited circumstances, no dividend (except a dividend in shares of stock) may be declared or paid by a Maryland corporation unless, after giving effect to the dividend, assets will continue to exceed liabilities and the corporation will be able to continue to pay its debts as they become due in the usual course. Maryland law permits these determinations to be made by our board of directors based on either a book value basis or a reasonable fair value basis. As of December 31, 2021, the Company had a deficit in stockholders' equity of approximately \$2.7 million and had not generated current earnings from which a dividend is potentially payable since the year ended December 31, 2015. There is no expectation that a dividend on our common stock can or would be considered or declared at any time in the foreseeable future.

On November 23, 2021, our board of directors authorized the payment of all accrued dividends on our outstanding Preferred Stock as well as a dividend for the fourth quarter of 2021. Declaration of dividends in 2022 on our preferred stock may require a determination by our board of directors, at the time of any determination, that the Company would continue to have positive equity on a fair value basis, among other considerations.

Distributions are authorized by our board of directors and declared by us based upon a variety of factors deemed relevant by our directors. The board of directors will continue to review our distribution policy on at least a quarterly basis. Our ability to pay distributions to our preferred or common stockholders will depend, in part, upon our receipt of distributions from our operating partnership. This, in turn, may depend upon receipt of lease payments with respect to our properties from indirect subsidiaries of our operating partnership, the management of our properties by our hotel managers and general business conditions (including the impact of the COVID-19 pandemic). Distributions to our stockholders are generally taxable to our stockholders as ordinary income. However, since a portion of our investments are equity ownership interests in hotels, which result in depreciation and non-cash charges against our income, a portion of our distributions may constitute a non-taxable return of capital, to the extent of a stockholder's tax basis in the stock. To the extent that it is consistent with maintaining our REIT status, we may maintain accumulated earnings of Ashford TRS in that entity.

On December 7, 2021, our board of directors reviewed and approved our 2022 dividend policy. We do not anticipate paying any dividends on our outstanding common stock for any quarter during 2022 and expect to pay dividends on our outstanding Preferred Stock during 2022. Our board of directors will continue to review our dividend policy and make future announcements with respect thereto. We may incur indebtedness to meet distribution requirements imposed on REITs under the Code to the extent that working capital and cash flow from our investments are insufficient to fund required distributions.

Our corporate charter allows us to issue preferred stock with a preference on distributions, such as our 8.45% Series D Cumulative Preferred Stock, par value \$0.01 per share (the "Series D Preferred Stock"), 7.375% Series F Cumulative Preferred Stock, par value \$0.01 per share (the "Series F Preferred Stock"), 7.375% Series G Cumulative Preferred Stock, par value \$0.01 per share (the "Series G Preferred Stock"), 7.50% Series H Cumulative Preferred Stock, par value \$0.01 per share (the "Series H Preferred Stock") and 7.50% Series I Cumulative Preferred Stock, par value \$0.01 per share (the "Series I Preferred Stock," and together with the Series D Preferred Stock, the Series F Preferred Stock, the Series G Preferred Stock and the Series H Preferred Stock, the "Preferred Stock"). The partnership agreement of our operating partnership also allows the operating partnership to issue units with a preference on distributions. The issuance of these series of Preferred Stock and units together with any similar issuance in the future, given the dividend preference on such stock or units, could limit our ability to make a dividend distribution to our common stockholders.



## **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 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 and apartment operators offering short-term rentals.

## **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 119 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.

## **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 federal, state, and local laws and regulations, an owner or operator of real estate may be liable for the costs of removal or remediation of certain hazardous or toxic substances on such property. These laws often impose liability without regard to whether the owner knew of, or was responsible for, the presence of hazardous or toxic substances. Furthermore, a person who arranges for the disposal of a hazardous substance or transports a hazardous substance for disposal or treatment from property owned by another may be liable for the costs of removal or remediation of hazardous substances released into the environment at that property. The costs of remediation or removal of such substances may be substantial, and the presence of such substances, or the failure to promptly remediate such substances, may adversely affect the owner’s ability to sell the affected property or to borrow using the affected property as collateral. In connection with the ownership and operation of our properties, we, our operating partnership, or Ashford TRS may be potentially liable for any such costs. In addition, the value of any lodging property loan we originate or acquire would be adversely affected if the underlying property contained hazardous or toxic substances.

Phase I environmental assessments, which are intended to identify potential environmental contamination for which our properties may be responsible, have been obtained on substantially all of our properties. Such Phase I environmental assessments included:

- historical reviews of the properties;
- reviews of certain public records;
- preliminary investigations of the sites and surrounding properties;
- screening for the presence of hazardous substances, toxic substances, and underground storage tanks; and

- the preparation and issuance of a written report.

Such Phase I environmental assessments did not include invasive procedures, such as soil sampling or ground water analysis. Such Phase I environmental assessments have not revealed any environmental liability that we believe would have a material adverse effect on our business, assets, results of operations, or liquidity, and we are not aware of any such liability. To the extent Phase I environmental assessments reveal facts that require further investigation, we would perform a Phase II environmental assessment. However, it is possible that these environmental assessments will not reveal all environmental liabilities. There may be material environmental liabilities of which we are unaware, including environmental liabilities that may have arisen since the environmental assessments were completed or updated. No assurances can be given that: (i) future laws, ordinances, or regulations will not impose any material environmental liability; or (ii) the current environmental condition of our properties will not be affected by the condition of properties in the vicinity (such as the presence of leaking underground storage tanks) or by third parties unrelated to us.

We believe our properties are in compliance in all material respects with all federal, state, and local ordinances and regulations regarding hazardous or toxic substances and other environmental matters. Neither we nor, to our knowledge, any of the former owners of our properties have been notified by any governmental authority of any material noncompliance, liability, or claim relating to hazardous or toxic substances or other environmental matters in connection with any of our properties.

## **INSURANCE**

We maintain comprehensive insurance, including liability, property, workers' compensation, rental loss, environmental, terrorism, cybersecurity, directors and officers and, when available on commercially reasonable terms, flood, wind and earthquake insurance, with policy specifications, limits, and deductibles customarily carried for similar properties. Certain types of losses (for example, matters of a catastrophic nature such as global pandemics, acts of war or substantial known environmental liabilities) as well as certain types coverages previously available under policies set forth above (for example, communicable disease, abuse & molestation coverages previously available under general liability policies) are either uninsurable or require substantial premiums that are not economically feasible to maintain. Certain types of losses, such as those arising from subsidence activity, are insurable only to the extent that certain standard policy exceptions to insurability are waived by agreement with the insurer. We believe, however, that our properties are adequately insured, consistent with industry standards.

## **FRANCHISE LICENSES**

We believe that the public's perception of quality associated with a franchisor can be an important feature in the operation of a hotel. Franchisors provide a variety of benefits for franchisees, which include national advertising, publicity, and other marketing programs designed to increase brand awareness, training of personnel, continuous review of quality standards, and centralized reservation systems.

As of December 31, 2021, we owned interests in 100 hotel properties, 93 of which operated under the following franchise licenses or brand management agreements:

Embassy Suites and/or Embassy Suites by Hilton, which are registered trademarks of Hilton International Holding LLC

Hilton, which is a registered trademark of Hilton International Holding LLC

Hilton Garden Inn, which is a registered trademark of Hilton International Holding LLC

Hampton Inn and/or Hampton Inn & Suites, which are registered trademarks of Hilton International Holding LLC

Marriott, which is a registered trademark of Marriott International, Inc.

SpringHill Suites and/or SpringHill Suites by Marriott, which are registered trademarks of Marriott International, Inc.

Residence Inn and/or Residence Inn by Marriott, which is a registered trademark of Marriott International, Inc.

Courtyard and/or Courtyard by Marriott, which is a registered trademark of Marriott International, Inc.

Fairfield Inn & Suites by Marriott, which is a registered trademark of Marriott International, Inc.

TownePlace Suites by Marriott, which is a registered trademark of Marriott International, Inc.

Renaissance, which is a registered trademark of Renaissance Hotel Holdings, Inc.

The Ritz-Carlton, which is a registered trademark of The Ritz-Carlton Hotel Company, L.L.C.

Hyatt Regency, which is a registered trademark of Hyatt Corporation.

Sheraton, which is a registered trademark of The Sheraton LLC

W Hotels, which is a registered trademark of Starwood Hotels & Resorts Worldwide, LLC

Westin, which is a registered trademark of Westin Hotel Management, L.P.

Crowne Plaza, which is a registered trademark of Six Continents Hotels, Inc.

Hotel Indigo, which is a registered trademark of Six Continents Hotels, Inc.

One Ocean, which is a registered trademark of Remington Hotels, LLC.

Our management companies, including Remington Hotels, must operate each hotel pursuant to the terms of the related franchise or brand management agreement and must use their best efforts to maintain the right to operate each hotel pursuant to such terms. In the event of termination of a particular franchise or brand management agreement, our management companies must operate any affected hotels under another franchise or brand management agreement, if any, that we enter into. We anticipate that many of the additional hotels we acquire could be operated under franchise licenses or brand management agreements as well.

Our franchise licenses and brand management agreements generally specify certain management, operational, recordkeeping, accounting, reporting, and marketing standards and procedures with which the franchisee or brand operator must comply, including requirements related to:

- training of operational personnel;
- safety;
- maintaining specified insurance;
- types of services and products ancillary to guestroom services that may be provided;
- display of signage; and
- type, quality, and age of furniture, fixtures, and equipment included in guestrooms, lobbies, and other common areas.

## **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 the COVID-19 pandemic and related government-issued travel restrictions in response, 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 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.ahtreit.com](http://www.ahtreit.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 or furnish such material with the Securities and Exchange Commission (the "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:

- the impact of the ongoing COVID-19 pandemic, including the resurgence of cases relating to the spread of the Delta, Omicron or other potential variants, on our business, financial condition, liquidity and results of operations;
- adverse effects of the COVID-19 pandemic, including a significant reduction in business and personal travel and travel restrictions in regions where our hotels are located, and one or more possible recurrences of COVID-19 case surges causing a further reduction in business and personal travel and potential reinstatement of travel restrictions by state or local governments;
- ongoing negotiations with our lenders regarding potential forbearance or the exercise by our lenders of their remedies for default under our loan agreements;
- actions by our lenders to accelerate loan balances and foreclose on the hotel properties that are security for our loans that are in default;
- actions by the lenders of our senior secured credit facility to foreclose on our assets which are pledged as collateral;
- general volatility of the capital markets and the market price of our common stock and preferred stock;
- availability, terms, and deployment of capital;
- unanticipated increases in financing and other costs, including a rise in interest rates;
- actual and potential conflicts of interest with Ashford Inc. and its subsidiaries (including Ashford LLC, Remington Hotels and Premier), Braemar, our executive officers and our non-independent 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 Code, and related rules, regulations and interpretations governing the taxation of real estate investment trusts;
- 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.

### **RISKS RELATED TO OUR BUSINESS**

***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 harmed 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. gross domestic product. A majority of our hotels are classified as upscale and upper upscale. 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 upscale and upper upscale 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 us. Our business has been and will continue to be materially adversely affected by the impact of the COVID-19 pandemic, see “The outbreak of COVID-19 has and will continue to reduce our occupancy rates and RevPAR.”

***The hotel industry is highly competitive and the hotels in which we invest are subject to competition from other hotels for guests.***

The hotel business is highly competitive. Our hotel properties will compete on the basis of location, brand, room rates, quality, amenities, reputation and reservations systems, among many factors. There are many competitors in the hotel industry, 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, profitability is negatively affected by the fixed costs of operating hotels. We also face competition from services such as home sharing companies and apartment operators offering short-term rentals.

***We did not pay dividends on our Common Stock in fiscal year 2021. We do not expect to pay dividends on our Common Stock for the foreseeable future.***

We did not pay dividends on our Common Stock in fiscal year 2021. We do not expect to pay dividends on our Common Stock for the foreseeable future, particularly in light of the downturn in our business occasioned by the COVID-19 pandemic and the demands of our property-level lenders, some of with whom we are currently negotiating forbearance agreements in light of our failure to make interest and principal payments starting in April 2020. We do not anticipate paying any dividends on our outstanding Common Stock for any quarter during 2022. The board of directors will continue to review our dividend policy and make future announcements with respect thereto.

Under Maryland law and except for an ability to pay a dividend out of current earnings in certain limited circumstances, no dividend (except a dividend in shares of stock) may be declared or paid by a Maryland corporation unless, after giving effect to the dividend, assets will continue to exceed liabilities and the corporation will be able to continue to pay its debts as they become due in the usual course. Maryland law permits these determinations to be made by our board of directors based on either a book value basis or a reasonable fair value basis. As of December 31, 2021, the Company had a deficit in stockholders' equity of approximately \$2.7 million and had not generated current earnings from which a dividend is potentially payable since the year ended December 31, 2015. There is no expectation that a dividend on Common Stock can or would be considered or declared at any time in the foreseeable future.

***Although we are currently eligible to file new short form registration statements on Form S-3, we cannot guarantee we will remain eligible to do so. If we fail to pay dividends to holders of our Preferred Stock or otherwise lose such Form S-3 eligibility, it may impair our ability to raise capital on terms favorable to us, in a timely manner.***

If we do not pay dividends to our holders of Preferred Stock or otherwise lose our Form S-3 eligibility, it may impair our capital raising ability. Form S-3 permits eligible issuers to conduct registered offerings using a short form registration statement that allows the issuer to incorporate by reference its past and future filings and reports made under the Exchange Act. In addition, Form S-3 enables eligible issuers to conduct primary offerings "off the shelf" under Rule 415 of the Securities Act of 1933, as amended (the "Securities Act"). The shelf registration process, combined with the ability to forward incorporate information, allows issuers to avoid delays and interruptions in the offering process and to access the capital markets in a more expeditious and efficient manner than raising capital in a standard registered offering pursuant to a registration statement on Form S-11. The ability to newly register securities for resale may also be limited as a result of the loss of Form S-3 eligibility with respect to such registrations.

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

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

***We depend on our advisor's key personnel with longstanding business relationships. The loss of our advisor'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 our advisor's management team and the extent and nature of the relationships they have developed with hotel franchisors, operators, and owners and hotel lending and other financial institutions. The loss of services of one or more members of our advisor's management team could harm our business and our prospects.

***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 in the COVID-19 environment to reduce staffing at our hotels than we would if we employed such personnel directly.***

We do not have any employees. We contractually engage hotel managers, such as Marriott, Hilton, Hyatt and our affiliate, Remington Hotels, which is owned by Ashford Inc., to operate, and to employ the personnel required to operate our hotels. The hotel manager is required under the applicable hotel management agreement to determine appropriate staffing levels; 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 we have less ability in the COVID-19 environment to reduce staffing at our hotels than 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, which is our affiliate.

***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, 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 and the amount of sold assets) 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, including as a result of the impact of COVID-19, we will still be required to make monthly payments to our advisor equal to the minimum base advisory fee, which could adversely impact our liquidity and financial condition. As described further in our filings with the SEC, the independent members of the board of directors of Ashford Inc. provided the Company a deferral on the payment of certain fees and expenses with respect to the months of October 2020, November 2020, December 2020 and January 2021 payable under the advisory agreement such that all such fees would be due and payable on the earlier of (x) January 18, 2021 and (y) immediately prior to the closing of the Oaktree Credit Agreement. The foregoing payment was due and payable on January 11, 2021. Additionally, the independent members of the board of directors of Ashford Inc. waived any claim against the Company and the Company’s affiliates and each of their officers and directors for breach of the advisory agreement or any damages that may have arisen in absence of such fee deferral. In accordance with the terms of the previously disclosed deferrals, the Company paid Ashford Inc. \$14,411,432 immediately prior to the closing of the Oaktree Credit Agreement. There can be no assurances that Ashford Inc. will grant similar deferrals in the future.

Similarly, pursuant to our hotel management agreement with Remington Hotels, a subsidiary of Ashford Inc., we pay Remington Hotels monthly base hotel management fees on a per hotel basis equal to the greater of approximately \$15,000 (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 equal to approximately \$15,000 per hotel (increased annually based on consumer price index adjustments), which could adversely impact our liquidity and financial condition.

***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 have in the past and may continue to co-invest with third parties through partnerships, joint ventures or other entities, acquiring controlling or non-controlling interests in, or sharing responsibility for, managing the affairs of a property, partnership, joint venture or other entity. In such event, we may not be in a position to exercise sole decision-making authority regarding the property, partnership, joint venture or other entity. 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 that 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, if neither we nor the partner or co-venturer has 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 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.

***Our business strategy depends on our continued growth. We may fail to integrate recent and additional investments into our operations or otherwise manage our future growth, which may adversely affect our operating results.***

We cannot assure you that we will be able to adapt our management, administrative, accounting, and operational systems, or our advisor will be able to hire and retain sufficient operational staff to successfully integrate and manage any future acquisitions of additional assets without operating disruptions or unanticipated costs. Acquisitions of any property or additional portfolios of properties could generate additional operating expenses for us. Any future acquisitions may also require us to enter into property improvement plans that will increase our use of cash and could disrupt performance. As we acquire additional assets, we will be subject to the operational risks associated with owning those assets. Our failure to successfully integrate any

future acquisitions into our portfolio could have a material adverse effect on our results of operations and financial condition and our ability to pay dividends to our stockholders.

Because our board of directors and our advisor have broad discretion to make future investments, we may make investments that result in returns that are substantially below expectations or that result in net operating losses.

Our board of directors and our advisor have broad discretion, within the investment criteria established by our board of directors, to make additional investments and to determine the timing of such investments. 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, including with respect to our dividend policies on our common and preferred stock. Such discretion could result in investments with returns inconsistent with expectations.

***Hotel franchise or license requirements or the loss of a franchise could adversely affect us.***

We must comply with operating standards, terms, and conditions imposed by the franchisors 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 standards could result in the loss or cancellation of a franchise license. With respect to operational standards, we rely on our hotel managers to conform to such standards. At times we may not be in compliance with such standards. Franchisors 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. It is possible that a franchisor could condition the continuation of a franchise based on the completion of capital improvements that our advisor or 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, our advisor or board of directors may elect to allow the franchise to lapse or be terminated, which could result in a termination charge as well as a change in brand franchising or operation of the hotel as an independent hotel. In addition, when the term of a franchise expires, the franchisor has no obligation to issue a new franchise.

The loss of a franchise 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.

***We may be unable to identify additional investments that meet our investment criteria or to acquire the properties we have under contract.***

We cannot assure you that we will be able to identify real estate investments that meet our investment criteria, that we will be successful in completing any investment we identify, or that any investment we complete will produce a return on our investment. Moreover, we have broad authority to invest in any real estate investments that we may identify in the future. We also cannot assure you that we will acquire properties we currently have under firm purchase contracts, if any, or that the acquisition terms we have negotiated will not change.

***Our investments are concentrated in particular segments of a single industry.***

Nearly all of our business is hotel related. Our current strategy is predominantly to acquire upper upscale hotels, as well as when conditions are favorable to acquire first mortgages on hotel properties, invest in other mortgage-related instruments such as mezzanine loans to hotel owners and operators, and participate in hotel sale-leaseback transactions. Adverse conditions in the hotel industry, including those resulting from COVID-19, will have a material adverse effect on our operating and investment revenues and cash available for distribution to our stockholders.

***Our reliance on Remington Hotels, a subsidiary of Ashford Inc., and on third party hotel managers to operate our hotels and for a substantial majority of our cash flow may adversely affect us.***

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 taxable REIT subsidiaries in which the REIT can own up to a 100% interest. A taxable REIT subsidiary ("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.

As of December 31, 2021, we have entered into management agreements with Remington Hotels, a subsidiary of Ashford Inc., to manage 68 of our 100 hotel properties and the WorldQuest condominium properties. We have hired unaffiliated third-party hotel managers to manage our remaining properties. We do not supervise any of the hotel managers or their respective personnel on a day-to-day basis, and we cannot assure you that the hotel managers will manage our properties in a manner that is consistent with their respective obligations under the applicable management agreement or our obligations under our hotel franchise agreements. We also cannot assure you that our hotel managers will not be negligent in their performance, will not engage in criminal or fraudulent activity, or will not otherwise default on their respective management obligations to us. If any of the foregoing occurs, our relationships with any franchisors may be damaged, we may be in breach of our franchise agreement, and we could incur liabilities resulting from loss or injury to our property or to persons at our properties. In addition, 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. We generally will attempt to resolve any such disputes through discussions and negotiations; however, if we are unable to reach satisfactory results 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 adversely affect us.

Our cash flow from the hotels may be adversely affected if our managers fail to provide quality services and amenities or if they or their affiliates fail to maintain a quality brand name. In addition, our managers or their affiliates may manage, and in some cases may own, invest in or provide credit support or operating guarantees, to hotels that compete with hotel properties that we own or acquire, which may result in conflicts of interest and decisions regarding the operation of our hotels that are not in our best interests. Any of these circumstances could adversely affect us.

***Our management agreements could adversely affect our sale or financing of hotel properties.***

We have entered into management agreements, and acquired properties subject to management agreements, that do not allow us to replace hotel managers on relatively short notice or with limited cost or contain other restrictive covenants, and 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 in our best interest and could incur substantial expense as a result of the agreements.

***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 maintain our qualification as a REIT. As a result, our retained earnings 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 cannot assure you that we will be able to obtain additional debt or equity financing or that we will be able to obtain it on favorable terms.

***We compete with other hotels for guests and face competition for acquisitions and sales of hotel properties and of desirable debt investments.***

The hotel business is competitive. Our hotels compete on the basis of location, room rates, quality, service levels, amenities, loyalty programs, reputation and reservation systems, among many other factors. New hotels may be constructed and these additions to supply create new competitors, in some cases without corresponding increases in demand for hotel rooms. The result in some cases may be lower revenue, which would result in lower cash available to meet debt service obligations, operating expenses and requisite distributions to our stockholders.

We compete for hotel acquisitions with entities that have similar investment objectives as we do. 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. In addition, we compete to sell hotel properties. Availability of capital, the number of hotels available for sale and market conditions all affect prices. We may not be able to sell hotel assets at our targeted price.

We may also compete for mortgage asset investments with numerous public and private real estate investment vehicles, such as mortgage banks, pension funds, other REITs, institutional investors, and individuals. Mortgages and other investments are often obtained through a competitive bidding process. In addition, competitors may seek to establish relationships with the

financial institutions and other firms from which we intend to purchase such assets. Competition may result in higher prices for mortgage assets, lower yields, and a narrower spread of yields over our borrowing costs.

Some of our competitors are larger than us, may have access to greater capital, marketing, and other financial resources, may have personnel with more experience than our officers, may be able to accept higher levels of debt or otherwise may tolerate more risk than us, may have better relations with hotel franchisors, sellers or lenders, and may have other advantages over us in conducting certain business and providing certain services.

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

Our business may be impacted by domestic and global economic conditions. Political crises in the U.S. and other international countries or regions, including sovereign risk related to a deterioration in the creditworthiness or a default by local governments, may negatively affect global economic conditions and our business. If the U.S. or global economy experiences volatility or significant disruptions, such disruptions or volatility could hurt the U.S. economy and our business could be negatively impacted by reduced demand for business and leisure travel related to a slowdown in the general economy, by disruptions resulting from credit markets, higher operating costs and by liquidity issues resulting from an inability to access credit markets to obtain cash to support operations.

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

Our advisor and our various 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. Our advisor and our hotel managers purchase some of our information technology from vendors, on whom our systems depend, and our advisor relies on commercially available systems, software, tools and monitoring to provide security for processing, transmission and storage of confidential operator and other customer information, such as individually identifiable information, including information relating to financial accounts.

We often depend upon the secure transmission of this information over public networks. Our advisor's and our hotel managers' networks and storage applications may 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. In some cases, it is difficult to anticipate or immediately detect such incidents and the damage caused thereby. Any significant breakdown, invasion, destruction, interruption or leakage of our advisor's or our hotel managers' systems could harm us.

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.

***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. No assurance can be given that applicable laws or regulations will not be amended or construed differently or that new laws and regulations will not be adopted, either of which could materially adversely affect our business, financial condition or results of operations.

***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. 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.

## **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.***

On January 15, 2021, the Company and Ashford Trust OP entered into the Oaktree Credit Agreement with Oaktree and the Administrative Agent. As of December 31, 2021, our outstanding indebtedness consists of our \$200 million senior secured credit facility and approximately \$3.7 billion in property level debt, including approximately \$3.6 billion of variable interest rate debt. We have an additional \$250 million of capacity under our senior secured credit facility with Oaktree in the form of “delayed draw” term loan commitments. On October 12, 2021, we entered into Amendment No. 1 to the Oaktree Credit Agreement, which did not result in us incurring additional indebtedness or increasing our borrowing capacity under the facility but which, among other items, (i) suspends our obligations to comply with certain covenants under the facility if at any point there are no loans or accrued interest outstanding, (ii) suspends our obligation to subordinate fees due under the advisory agreement if at any point there are no loans or accrued paid-in-kind interest outstanding or any accrued dividends on any of our preferred stock and we have a minimum level of cash, (iii) permits Oaktree to, at any time, elect to receive an exit fee (the “Exit Fee”) in warrants for the purchase of Common Stock equal to 19.9% of all Common Stock outstanding on the closing date of the Oaktree Credit Agreement subject to certain upward or downward adjustments, and (iv) provides that in the event prior to the termination of the Oaktree Credit Agreement, Oaktree elects to receive the Exit Fee in warrants and any of such warrants are sold at a price per share of Common Stock in excess of \$40, all obligations owed to Oaktree shall be reduced by an amount equal to 25% of the amount of such excess consideration, subject to certain adjustments. We may also incur 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, and we may not have sufficient borrowing capacity on our senior secured credit facility to repay any amounts that we are unable to refinance. Although we believe that we will be able to refinance or extend the maturity of these loans, or will have the capacity to repay them, if necessary, using draws under our senior secured credit facility, there can be no assurance that our senior secured credit facility will be available to repay such maturing debt, as draws under our senior secured



credit facility are subject to limitations based upon our unencumbered assets and certain financial covenants. These conditions could adversely affect our financial position, results of operations, and cash flows or the market price of our stock.

***Increases in interest rates could increase our debt payments.***

As of December 31, 2021, our outstanding indebtedness consists of our \$200 million senior secured credit facility and approximately \$3.7 billion in property level debt, including approximately \$3.6 billion of variable interest rate debt. Increases in interest rates increase 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.”

***If we default on our senior secured credit facility with entities managed by Oaktree, the lenders may foreclose on our assets which are pledged as collateral.***

Substantially all of our assets have been pledged as collateral in the Oaktree Credit Agreement with lending entities managed by Oaktree. If we default on the Oaktree Credit Agreement or do not meet our covenants thereunder, Oaktree will be able to foreclose on its collateral under the Oaktree Credit Agreement, which would have a material adverse effect on our business and operations. Additionally, under the Oaktree Credit Agreement, a “Change of Control” shall occur in the event, among other items, during any period of 12 consecutive months, a majority of the members of the board of directors ceases to be composed of individuals (i) who were members of that board of directors on the first day of such period, (ii) whose election or nomination to that board of directors was approved by individuals referred to in clause (i) above constituting at the time of such election or nomination at least a majority of that board of directors or (iii) whose election or nomination to that board of directors was approved by individuals referred to in clauses (i) and (ii) above constituting at the time of such election or nomination at least a majority of that board of directors. If there is a “Change of Control,” Oaktree shall have the option to cause the Company to prepay all or any portion of the outstanding loans, together with a potential premium of 1% of the principal amount. Additionally, pursuant to Amendment No. 1 to the Oaktree Credit Agreement, at any time Oaktree may elect to receive the Exit Fee in warrants for the purchase of Common Stock equal to 19.9% of all Common Stock outstanding on the closing date of the Oaktree Credit Agreement subject to certain upward or downward adjustments. In the event Oaktree elects to be paid an Exit Fee in cash or Common Stock, we may satisfy such Exit Fee by the issuance of warrants in an equivalent amount of Common Stock.

***We may enter into other transactions which 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, in some instances, borrow under our senior secured credit facility or 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 secured credit facility, 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 and our senior secured credit facility 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. As of December 31, 2021, 93% of our hotels are in cash traps.

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

We finance our long-term growth and liquidity needs with 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. In the event that 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 (including due to adverse economic conditions related to the COVID-19 pandemic), 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. If we sell a hotel, the required loan repayment may exceed the sale proceeds.

***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 involve risks, 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 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 reporting practices, the method in which LIBOR is determined or the transition away from LIBOR to 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, 2021, we had approximately \$3.6 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.

At this time we are not able to accurately predict when SOFR will become the most prevalent alternative reference rate in the market, or what impact the transition from LIBOR to alternative reference rates may have on our business, results of operations and financial condition. Additionally, it is difficult to predict whether and to what extent banks will continue to provide submissions to the administrator of rate quotes for the U.S. dollar LIBOR rates that have not already been discontinued or, if they do, whether such rates will be representative of the underlying market or economic reality before they are scheduled to be discontinued on June 30, 2023 or whether any additional reforms to LIBOR may be enacted in the United Kingdom or

elsewhere. If a published U.S. dollar LIBOR rate is unavailable after 2021, the interest rates on our debt which is indexed to LIBOR will be determined using various alternative methods, any of which may result in interest obligations which are more than or do not otherwise correlate over time with the payments that would have been made on such debt if U.S. dollar LIBOR was available in its current form. Further, the same costs and risks that may lead to the unavailability of U.S. dollar LIBOR may make one or more of the alternative methods difficult or impracticable to determine. 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 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 provide a relatively stable long-term revenue stream. Hotels, on the other hand, generate revenue from guests who 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.

These factors could adversely affect our hotel revenues and expenses, as well as the hotels underlying our mortgage and mezzanine loans, which in turn could adversely affect our financial condition, results of operations, the market price of our common stock and our ability to make distributions to our stockholders.

### ***The outbreak of COVID-19 has and will continue to reduce our occupancy rates and RevPAR.***

Despite recent progress in the administration of vaccines, both the outbreak of recent variants, including Delta and Omicron, and the related containment and mitigation measures that have been put into place across the globe, have had and are likely to continue to have a serious adverse impact on the global economy and our business, the severity and duration of which are uncertain. Since late February 2020, we have experienced a significant decline in occupancy and RevPAR and we expect the occupancy and RevPAR reduction associated with COVID-19 to continue. The continued outbreak of the virus in the U.S. has and will continue to further reduce travel and demand at our hotels. The prolonged occurrence of the virus has resulted in health or other government authorities imposing widespread restrictions on travel or other market impacts. The hotel industry and our portfolio have and we expect will continue to experience the postponement or cancellation of a significant number of business conferences and similar events. At this time those restrictions are very fluid and evolving. We have been and will continue to be negatively impacted by those restrictions. Given that the type, degree and length of such restrictions are not known at this time, we cannot predict the overall impact of such restrictions on us or the overall economic environment. In addition, one or more possible recurrences of COVID-19 case surges could result in further reductions in business and personal travel and could cause state and local governments to reinstate travel restrictions. We may also face increased risk of litigation if we have guests or employees who become ill due to COVID-19.

As such, the impact these restrictions may have on our financial position, operating results and liquidity cannot be reasonably estimated at this time, but the impact will likely be material. Additionally, the public perception of a risk of a pandemic or media coverage of these diseases, or public perception of health risks linked to perceived regional food and beverage safety has materially adversely affected us by reducing demand for our hotels. These events have resulted in a sustained, significant drop in demand for our hotels and could have a material adverse effect on us.

### ***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 rate 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.

***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, at least two of which cover the entire property. Accordingly, we only own a long-term leasehold rather than a fee simple interest, with respect to all or a portion of the real property at these hotels. We may not continue to make payments due on our ground leases, particularly in light of the downturn in our business occasioned by COVID-19. 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 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 that 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.

***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 (“FF&E”). Managers or franchisors of our hotels also will require periodic capital improvements pursuant to the management agreements or as a condition of maintaining franchise licenses. Generally, we are responsible for the cost of these capital improvements. We may also develop hotel properties, timeshare units or other alternate uses of portions of our existing properties, including the development of retail, residential, office or apartments, including through joint ventures. Such renovation and development involves substantial risks, including:

- construction cost overruns and delays;
- the disruption of operations at, displacement of revenue at and damage to our 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;
- governmental restrictions on the nature or size of a project;
- 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;
- acts of God such as earthquakes, hurricanes, floods or fires that could adversely affect a project;
- 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 obtain additional debt or equity financing to fund future capital improvements, and we may not be able to meet the loan covenants in any financing obtained to fund the new development, creating default risks.

In addition, to the extent that developments are conducted through joint ventures, this creates additional risks, including the possibility that our partners may not meet their financial obligations or could have or develop business interests, policies or objectives that are inconsistent with ours. See “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.”

Any of the above factors could affect adversely our and our partners’ ability to complete the developments on schedule and along the scope that currently is contemplated, or to achieve the intended value of these projects. For these reasons, there can be no assurances as to the value to be realized by the company from these transactions or any future similar transactions.

***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 any 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. We can provide no assurances that our cash flows will 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, and we can provide no assurances that such borrowings will 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 us.***

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. We can provide no assurances regarding whether, or the extent to which, lodging demand will exceed supply and if so, for what period of time. 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 us.

***Many real estate costs are fixed, 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, we may be adversely affected.

***Our operating expenses may increase in the future which could cause us to raise our room rates, which may deplete room occupancy, or cause us to realize lower net operating income as a result of increased expenses that are not offset by increased room rates, in either case decreasing our cash flow and our operating results.***

Operating expenses, such as expenses for fuel, utilities, labor and insurance, are not fixed and may increase in the future. To the extent such increases affect our room rates and therefore our room occupancy at our lodging properties, our cash flow and operating results may be negatively 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. 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 at the expense of brand identification. These

intermediaries may hope that consumers will eventually develop brand loyalties to their reservations system rather than to the brands under which our properties are franchised. Although most of the business for our hotels is expected to be derived from traditional channels, if the amount of sales made through Internet intermediaries increases significantly, rooms revenue may be lower than expected, and we may be adversely affected.

***We 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 we may be adversely affected.

***Our hotels may be subject to unknown or contingent liabilities which could cause us to incur substantial costs.***

The hotel properties that we own or may acquire are or may be subject to unknown or contingent liabilities for which we may have no recourse, or only limited recourse, against the sellers. In general, the representations and warranties provided under the transaction agreements related to the sales of the hotel properties may not survive the closing of the transactions. While we will seek to require the sellers to indemnify us with respect to breaches of representations and warranties that survive, such indemnification may be limited and subject to various materiality thresholds, a significant deductible or an aggregate cap on losses. As a result, there is no guarantee that we will recover any amounts with respect to losses due to breaches by the sellers of their representations and warranties. In addition, the total amount of costs and expenses that may be incurred with respect to liabilities associated with these hotels may exceed our expectations, and we may experience other unanticipated adverse effects, all of which may adversely affect our financial condition, results of operations, the market price of our common stock and our ability to make distributions to our stockholders.

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

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, which could materially adversely affect us.

During 2021, approximately 8% of our total hotel revenue was generated from nine hotels located in the Washington D.C. area, one of several key U.S. markets considered vulnerable to terrorist attack. Our financial and operating performance may be adversely affected by potential terrorist attacks. Terrorist attacks in the future may cause our results to differ materially from anticipated results. Hotels we own in other market locations may be subject to this risk as well.

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

Our managers, including Remington Hotels, a subsidiary of Ashford Inc., 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 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 us.

## **RISKS RELATED TO CONFLICTS OF INTEREST**

***Our agreements with our external advisor and its subsidiaries, as well as our mutual exclusivity agreement and management agreements with Remington Hotels and Premier, subsidiaries of Ashford Inc., were not negotiated on an arm's-length basis, and we may pursue less vigorous enforcement of their terms because of conflicts of interest with certain of our executive officers and directors and key employees of our advisor.***

Because each of our executive officers are also key employees of our advisor, Ashford LLC, a subsidiary of Ashford Inc. and have ownership interests in Ashford Inc. and because the chairman of our board of directors has an ownership interest in Ashford Inc., our advisory agreement, our master hotel management agreement and hotel management mutual exclusivity agreement with Remington Hotels, a subsidiary of Ashford Inc., and our master project management agreement and project management mutual exclusivity agreement with Premier, a subsidiary of Ashford Inc., among other agreements between us and subsidiaries of Ashford Inc. 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. As a result, the terms, including fees and other amounts payable, may not be as favorable to us as 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 our advisor and its subsidiaries (including Ashford LLC, Remington Hotels and Premier).

***The termination fee payable to our advisor significantly increases the cost to us of terminating our advisory agreement, thereby effectively limiting our ability to terminate our advisor without cause and could make a change of control transaction less likely or the terms thereof less attractive to us and to our stockholders.***

The initial term of our advisory agreement with our advisor is 10 years from the effective date of the advisory agreement, subject to an extension by our advisor for up to 7 successive additional 10-year renewal terms thereafter. The board of directors will review our advisor's performance and fees annually and, following the 10-year initial term, may elect to renegotiate the amount of fees payable under the advisory agreement in certain circumstances. Additionally, if we undergo a change of control transaction, we will have the right to terminate the advisory agreement with the payment of the termination fee described below. If we terminate the advisory agreement without cause or upon a change of control, we will be required to pay our advisor a termination fee equal to:

- (A) 1.1 multiplied by the greater of (i) 12 times the net earnings of our advisor for the 12 month period preceding the termination date of the advisory agreement; (ii) the earnings multiple (calculated as our advisor's total enterprise value on the trading day immediately preceding the day the termination notice is given to our advisor divided by our advisor's most recently reported adjusted earnings before interest, tax, depreciation and amortization ("Adjusted EBITDA") for our advisor's common stock for the 12 month period preceding the termination date of the advisory agreement multiplied by the net earnings of our advisor for the 12 month period preceding the termination date of the advisory agreement; or (iii) the simple average of the earnings multiples for each of the three fiscal years preceding the termination of the advisory agreement (calculated as our advisor's total enterprise value on the last trading day of each of the three preceding fiscal years divided by, in each case, our advisor's Adjusted EBITDA for the same periods), multiplied by the net earnings of our advisor for the 12 month period preceding the termination date of the advisory agreement; plus
- (B) an additional amount such that the total net amount received by our advisor after the reduction by state and U.S. federal income taxes at an assumed combined rate of 40% on the sum of the amounts described in (A) and (B) shall equal the amount described in (A).

Any such termination fee will be payable on or before the termination date. Moreover, our advisor is entitled to set off, take and apply any of our money on deposit in any of our bank, brokerage or similar accounts (all of which are controlled by, and in the name of, our advisor) to amounts we owe to our advisor, including amounts we would owe to our advisor in respect of the termination fee, and in certain circumstances permits our advisor to escrow any money in such accounts into a termination fee escrow account (to which we would not have access) even prior to the time that the termination fee is payable. The termination fee makes it more difficult for us to terminate our advisory agreement. These provisions significantly increase the cost to us of terminating our advisory agreement, thereby limiting our ability to terminate our advisor without cause.

Our advisor has agreed that its right to receive fees payable under the advisory agreement, including the termination fee and liquidated damages, shall be subordinate under certain circumstances to the payment in full of obligations under the Oaktree Credit Agreement and has entered into documents necessary to subordinate our advisor's interest in such fees. On January 15, 2021, in connection with our entry into the Oaktree Credit Agreement, the Company and our advisor, together with certain affiliated entities, entered into a Subordination and Non-Disturbance Agreement pursuant to which our advisor agreed to subordinate to the prior repayment in full of all obligations under the Oaktree Credit Agreement with Oaktree, among other items, (1) advisory fees (other than reimbursable expenses) in excess of 80% of such fees paid during the fiscal year ended December 31, 2019, and (2) any termination fee or liquidated damages amounts under the advisory agreement, or any amount owed under any enhanced return funding program in connection with the termination of the advisory agreement or sale or foreclosure of assets financed thereunder.

On October 12, 2021, we entered into Amendment No. 1 to the Oaktree Credit Agreement which, among other items, suspends our obligation to subordinate fees due under the advisory agreement if at any point there is no accrued paid-in-kind interest outstanding or any accrued dividends on any of the Company's Preferred Stock and the Company has sufficient unrestricted cash to repay in full all outstanding borrowings under the Oaktree Credit Agreement.

***Our advisor manages other entities and may direct attractive investment opportunities away from us. If we change our investment guidelines, our advisor is not restricted from advising clients with similar investment guidelines.***

Our executive officers also serve as key employees and as officers of our advisor and Braemar, and will continue to do so. Furthermore, Mr. Monty J. Bennett, our chairman, is also the chief executive officer, chairman and a significant stockholder of our advisor and is the chairman of Braemar. Our advisory agreement requires our advisor to present investments that satisfy our investment guidelines to us before presenting them to Braemar or any future client of our advisor. Additionally, in the future our advisor may advise other clients, some of which may have investment guidelines substantially similar to ours.

Some portfolio investment opportunities may include hotels that satisfy our investment objectives as well as hotels that satisfy the investment objectives of Braemar or other entities advised by our advisor. If the portfolio cannot be equitably divided, our advisor 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 our advisor to allocate portfolio investment opportunities between us, Braemar or other entities advised by our advisor in a fair and equitable manner, consistent with our, Braemar's and such other entities' investment objectives. In making this determination, our advisor, using substantial discretion, will consider the investment strategy and guidelines of each entity with respect to acquisition of properties, portfolio concentrations, tax consequences, regulatory restrictions, liquidity requirements and other factors deemed appropriate. In making the allocation determination, our advisor has no obligation to make any such investment opportunity available to us. Further, our advisor and Braemar have agreed that any new investment opportunities that satisfy our investment guidelines will be presented to our board of directors; however, our board of directors will have only ten business days to make a determination with respect to such opportunity prior to it being available to Braemar. The above mentioned dual responsibilities may create conflicts of interest for our officers which could result in decisions or allocations of investments that may benefit one entity more than the other.

***Our advisor and its key employees, most of whom are Braemar's, Ashford Inc.'s and our executive officers, face competing demands relating to their time and this may adversely affect our operations.***

We rely on our advisor and its employees for the day-to-day operation of our business. Certain key employees of our advisor are executive officers of Braemar and Ashford Inc. Because our advisor's key employees have duties to Braemar and Ashford Inc., 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, Braemar and Ashford Inc. Our advisor may also manage other entities in the future. During turbulent market conditions or other times when we need focused support and assistance from our advisor, other entities for which our advisor also acts as an external advisor will likewise require greater focus and attention as well, placing competing high levels of demand on the limited time and resources of our advisor's key employees. Additionally, activist investors have, and in the future, may commence campaigns seeking to influence other entities advised by our advisor to take particular actions favored by the activist or gain representation on the board of directors of such entities, which could result in additional disruption and diversion of management's attention. 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.

***Conflicts of interest could result in our management acting other than in our stockholders' best interest.***

Conflicts of interest in general and specifically relating to Ashford Inc. and its subsidiaries (including Ashford LLC, Remington Hotels and Premier) may lead to management decisions that are not in the stockholders' best interest. The chairman of our board of directors, Mr. Monty J. Bennett, is the chairman, chief executive officer and a significant stockholder of

Ashford Inc. and Mr. Archie Bennett, Jr., who is our chairman emeritus, is a significant stockholder of Ashford Inc. Prior to its acquisition by Ashford Inc. on November 6, 2019, Messrs. Archie Bennett, Jr. and Monty J. Bennett beneficially owned 100% of Remington Lodging. As of December 31, 2021, Remington Hotels managed 68 of our 100 hotel properties and the WorldQuest condominium properties and provides other services.

As of December 31, 2021, Mr. Monty J. Bennett and Mr. Archie Bennett, Jr. together owned approximately 610,246 shares of Ashford Inc. common stock, which represented an approximate 20.2% ownership interest in Ashford Inc., and owned 18,758,600 shares of Ashford Inc. Series D Convertible Preferred Stock, which was exercisable (at an exercise price of \$117.50 per share) into an additional approximate 3,991,191 shares of Ashford Inc. common stock, which if exercised would have increased the Bennetts' ownership interest in Ashford Inc. to 65.6%. The 18,758,600 Series D Convertible Preferred Stock owned by Mr. Monty J. Bennett and Mr. Archie Bennett, Jr. include 360,000 shares owned by trusts.

Messrs. Archie Bennett, Jr. and Monty J. Bennett's ownership interests in, and Mr. Monty J. Bennett's management obligations to, Ashford Inc. present them with conflicts of interest in making management decisions related to the commercial arrangements between us and Ashford Inc. Mr. Monty J. Bennett's management obligations to Ashford Inc. (and his obligations to Braemar, where he also serves as chairman of the board of directors) reduce the time and effort he spends on us. Our board of directors has adopted a policy that requires all material approvals, actions or decisions to which we have the right to make under the master hotel management agreement with Remington Hotels 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 under the master hotel management agreement and to Premier under the master project management agreement, and 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 the obligations to us under the master hotel management agreement or master project management agreement.

Holders of units in our operating partnership, including members of our management team, may suffer adverse tax consequences upon our sale of certain properties. Therefore, holders of units, either directly or indirectly, including Messrs. Archie Bennett, Jr. and Monty J. Bennett, or Mr. Mark Nunneley, our Chief Accounting Officer, may have different objectives regarding the appropriate pricing and timing of a particular property's sale. These officers and directors of ours may influence 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.

We are a party to a master hotel management agreement and a hotel management exclusivity agreement with Remington Hotels and a master project management agreement and a project management exclusivity agreement with Premier, which describes the terms of Remington Hotels' and Premier's, respectively, services to our hotels, as well as any future hotels we may acquire that may or may not be property managed by Remington Hotels or project managed by Premier. The exclusivity agreements requires us to engage Remington Hotels for hotel management and Premier for design and construction services, respectively, unless, in each case, our independent directors either: (i) unanimously vote to hire a different manager or developer; or (ii) by a majority vote, elect not to engage Remington Hotels or Premier, as the case may be, because they have determined that special circumstances exist or that, based on Remington Hotels' or Premier's prior performance, another manager or developer could perform the duties materially better. As significant owners of Ashford Inc., which would receive any development, management, and management termination fees payable by us under the management agreements, Mr. Monty J. Bennett, and to a lesser extent, Mr. Archie Bennett, Jr., in his role as chairman emeritus, may influence our decisions to sell, acquire, or develop hotels when it is not in the best interests of our stockholders to do so.

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

Our hotel management mutual exclusivity agreement with Remington requires us to engage Remington Hotels to manage all future properties that we acquire, to the extent we have the right or control the right to direct such matters, unless our independent directors either: (i) unanimously vote not to hire Remington Hotels or (ii) based on special circumstances or past performance, by a majority vote, elect not to engage Remington Hotels because they have determined, in their reasonable business judgment, that it would be in our best interest not to engage Remington Hotels or that another manager or developer could perform the duties materially better. Under our master hotel management agreement with Remington Hotels, we have the right to terminate Remington Hotels 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, its competitive set will consist of a small group of hotels in the relevant market that we and Remington Hotels believe are comparable for purposes of benchmarking the performance of such

hotel. Remington Hotels will have significant influence over the determination of the competitive set for any of our hotels managed by Remington Hotels, and as such 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 hotel, thereby making it more difficult for us to elect not to use Remington Hotels for future hotel management.

***Under the terms of our hotel management mutual exclusivity agreement with Remington Hotels, Remington Hotels may be able to pursue lodging investment opportunities that compete with us.***

Pursuant to the terms of our hotel management mutual exclusivity agreement with Remington Hotels, if investment opportunities that satisfy our investment criteria are identified by Remington Hotels or its affiliates, Remington Hotels 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 may then pursue such investment opportunity, subject to a right of first refusal in favor of Braemar, pursuant to an existing agreement between Braemar and Remington Hotels, on materially the same terms and conditions as offered to us. If we were to reject such an investment opportunity, either Braemar or Remington Hotels could pursue the opportunity and compete with us. In such a case, Mr. Monty J. Bennett, our chairman, in his capacity as chairman of Braemar or chief executive officer of Ashford Inc. could be in a position of directly competing with us.

***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.***

We, as the general partner of our operating partnership, 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, in the event of 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, those persons holding common units will 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 are unable to 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. Tax consequences to holders of common units upon a sale or refinancing of our properties may cause the interests of the key employees of our advisor (who are also our executive officers and have ownership interests in our operating partnership) to differ from our stockholders.

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

In order to avoid any actual or perceived conflicts of interest with our directors or officers or our advisor's employees, we adopted a policy regarding conflicts of interest to address specifically some of the conflicts relating to our activities. Although under this policy the approval of a majority of our disinterested directors is required to approve any transaction, agreement or relationship in which any of our directors or officers or our advisor or it has an interest, there is no assurance that this policy will be adequate to address all of the conflicts that may arise or will resolve such conflicts in a manner that is favorable to us.

## **RISKS RELATED TO DERIVATIVE TRANSACTIONS**

***We have engaged in and may continue to engage in derivative transactions, which can limit our gains and expose us to losses.***

We have entered into and may continue to enter into hedging transactions to: (i) attempt to take advantage of changes in prevailing interest rates; (ii) protect our portfolio of mortgage assets from interest rate fluctuations; (iii) protect us from the effects of interest rate fluctuations on floating-rate debt; (iv) protect us from the risk of fluctuations in the financial and capital markets; or (v) preserve net cash in the event of a major downturn in the economy. Our hedging transactions may include entering into interest rate swap agreements, interest rate cap or floor agreements or floor and corridor agreements, credit default swaps and purchasing or selling futures contracts, purchasing or selling put and call options on securities or securities underlying futures contracts, or entering into forward rate agreements. Hedging activities may not have the desired beneficial impact on our results of operations or financial condition. Volatile fluctuations in market conditions could cause these

instruments to become ineffective. Any gains or losses associated with these instruments are reported in our earnings each period. No hedging activity can completely insulate us from the risks inherent in our business.

Credit default hedging could fail to protect us or adversely affect us because if a swap counterparty cannot perform under the terms of our credit default swap, we may not receive payments due under such agreement and, thus, we may lose any potential benefit associated with such credit default swap. Additionally, we may also risk the loss of any cash collateral we have pledged to secure our obligations under such credit default swaps if the counterparty becomes insolvent or files for bankruptcy.

Moreover, interest rate hedging could fail to protect us or adversely affect us because, among other things:

- available interest rate hedging may not correspond directly with the interest rate risk for which protection is sought;
- the duration of the hedge may not match the duration of the related liability;
- the party owing money in the hedging transaction may default on its obligation to pay;
- the credit quality of the party owing money on the hedge may be downgraded to such an extent that it impairs our ability to sell or assign our side of the hedging transaction; and
- the value of derivatives used for hedging may be adjusted from time to time in accordance with generally accepted accounting principles (“GAAP”) to reflect changes in fair value and such downward adjustments, or “market-to-market loss,” would reduce our stockholders’ equity.

Hedging involves both risks and costs, including transaction costs, which may reduce our overall returns on our investments. These costs increase as the period covered by the hedging relationship increases and during periods of rising and volatile interest rates. These costs will also limit the amount of cash available for distributions to stockholders. We generally intend to hedge to the extent management determines it is in our best interest given the cost of such hedging transactions as compared to the potential economic returns or protections offered. The REIT qualification rules may limit our ability to enter into hedging transactions by requiring us to limit our income and assets from hedges. If we are unable to hedge effectively because of the REIT rules, we will face greater interest rate exposure than may be commercially prudent.

***We are subject to the risk of default or insolvency by the hospitality entities underlying our investments.***

The leveraged capital structure of the hospitality entities underlying our investments will increase their exposure to adverse economic factors (such as rising interest rates, competitive pressures, downturns in the economy or deterioration in the condition of the real estate industry) and to the risk of unforeseen events. If an underlying entity cannot generate adequate cash flow to meet such entity’s debt obligations (which may include leveraged obligations in excess of its aggregate assets), it may default on its loan agreements or be forced into bankruptcy. As a result, we may suffer a partial or total loss of the capital we have invested in the securities and other investments of such entity.

***The derivatives provisions of the Dodd-Frank Act and related rules could have an adverse effect on our ability to use derivative instruments to reduce the negative effect of interest rate fluctuations on our results of operations and liquidity, credit default risks and other risks associated with our business.***

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) establishes federal oversight and regulation of the over-the-counter derivatives market and entities, including us, that participate in that market. As required by the Dodd-Frank Act, the Commodities Futures Trading Commission (the “CFTC”), the SEC and other regulators have adopted certain rules implementing the swaps regulatory provisions of the Dodd-Frank Act and are in the process of adopting other rules to implement those provisions. Numerous provisions of the Dodd-Frank Act and the CFTC’s rules relating to derivatives that qualify as “swaps” thereunder apply or may apply to the derivatives to which we are or may become a counterparty. Under such statutory provisions and the CFTC’s rules, we must clear on a derivatives clearing organization any over-the-counter swap we enter into that is within a class of swaps designated for clearing by CFTC rule and execute trades in such cleared swap on an exchange if the swap is accepted for trading on the exchange unless such swap is exempt from such mandatory clearing and trade execution requirements. We may qualify for and intend to elect the end-user exception from those requirements for swaps we enter to hedge our commercial risks and that are subject to the mandatory clearing and trade execution requirements. If we are required to clear or voluntarily elect to clear any swaps we enter into, those swaps will be governed by standardized agreements and we will have to post margin with respect to such swaps. To date, the CFTC has designated only certain types of interest rate swaps and credit default swaps for clearing and trade execution. Although we believe that none of the interest rate swaps and credit default swaps to which we are currently party fall within those designated types of swaps, we may enter into swaps in the future that will be subject to the mandatory clearing and trade execution requirements and subject to the risks described.

Rules recently adopted by banking regulators and the CFTC in accordance with a requirement of the Dodd-Frank Act require regulated financial institutions and swap dealers and major swap participants that are not regulated financial institutions to collect margin with respect to uncleared swaps to which they are parties and to which financial end users, among others, are their counterparties. We will qualify as a financial end user for purposes of such margin rules. We will not have to post initial margin with respect to our uncleared swaps under the new rules because we do not have material swaps exposure as defined in the new rules. However, we will be required to post variation margin (most likely in the form of cash collateral) with respect to each of our uncleared swaps subject to the new margin rules in an amount equal to the cumulative decrease in the market-to-market value of such swap to our counterparty as of any date of determination from the value of such swap as of the date of the swap's execution. The SEC has proposed margin rules for security-based swaps to which regulated financial institutions are not counterparties. Those proposed rules differ from the CFTC's margin rules, but the final form that those rules will take and their effect is uncertain at this time.

The Dodd-Frank Act has caused certain market participants, and may cause other market participants, including the counterparties to our derivative instruments, to spin off some of their derivatives activities to separate entities. Those entities may not be as creditworthy as the historical counterparties to our derivatives.

Some of the rules required to implement the swaps-related provisions of the Dodd-Frank Act remain to be adopted, and the CFTC has, from time to time, issued and may in the future issue interpretations and no-action letters interpreting, and clarifying the application of, those provisions and the related rules or delaying compliance with those provisions and rules. As a result, it is not possible at this time to predict with certainty the full effects of the Dodd-Frank Act, the CFTC's rules and the SEC's rules on us and the timing of such effects.

The Dodd-Frank Act and the rules adopted thereunder could significantly increase the cost of derivative contracts (including from swap recordkeeping and reporting requirements and through requirements to post margin with respect to our swaps, which could adversely affect our available liquidity), materially alter the terms of derivative contracts, reduce the availability of derivatives to protect against risks we encounter, reduce our ability to monetize or restructure our existing derivative contracts, and increase our exposure to less creditworthy counterparties. If we reduce our use of derivatives as a result of the Dodd-Frank Act and the related rules, our results of operations may become more volatile and our cash flows may be less predictable, which could adversely affect our ability to plan for and fund capital expenditures and to pay dividends to our stockholders. Any of these consequences could have a material adverse effect on our consolidated financial position, results of operations and cash flows.

## **RISKS RELATED TO INVESTMENTS IN SECURITIES, MORTGAGES AND MEZZANINE LOANS**

### ***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 other public companies and REITs (including Braemar). 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.

### ***Debt investments that are not United States government insured involve risk of loss.***

As part of our business strategy, we may originate or acquire lodging-related uninsured and mortgage assets, including mezzanine loans. While holding these interests, we are subject to risks of borrower defaults, bankruptcies, fraud and related losses, and special hazard losses that are not covered by standard hazard insurance. Also, costs of financing the mortgage loans could exceed returns on the mortgage loans. In the event of any default under mortgage loans held by us, we will bear the risk of loss of principal and non-payment of interest and fees to the extent of any deficiency between the value of the mortgage collateral and the principal amount of the mortgage loan. We suffered significant impairment charges with respect to our investments in mortgage loans in 2009 and 2010. The value and the price of our securities may be adversely affected.

### ***We may invest in non-recourse loans, which will limit our recovery to the value of the mortgaged property.***

Our mortgage and mezzanine loan assets have typically been non-recourse. With respect to non-recourse mortgage loan assets, in the event of a borrower default, the specific mortgaged property and other assets, if any, pledged to secure the relevant mortgage loan, may be less than the amount owed under the mortgage loan. As to those mortgage loan assets that provide for recourse against the borrower and its assets generally, we cannot assure you that the recourse will provide a recovery in respect of a defaulted mortgage loan greater than the liquidation value of the mortgaged property securing that mortgage loan.

***Investment yields affect our decision whether to originate or purchase investments and the price offered for such investments.***

In making any investment, we consider the expected yield of the investment and the factors that may influence the yield actually obtained on such investment. These considerations affect our decision whether to originate or purchase an investment and the price offered for that investment. No assurances can be given that we can make an accurate assessment of the yield to be produced by an investment. Many factors beyond our control are likely to influence the yield on the investments, including, but not limited to, competitive conditions in the local real estate market, local and general economic conditions, and the quality of management of the underlying property. Our inability to accurately assess investment yields may result in our purchasing assets that do not perform as well as expected, which may adversely affect the price of our securities.

***Volatility of values of mortgaged properties may adversely affect our mortgage loans.***

Lodging property values and net operating income derived from lodging properties are subject to volatility and may be affected adversely by a number of factors, including the risk factors described herein relating to general economic conditions, operating lodging properties, and owning real estate investments. In the event its net operating income decreases, one of our borrowers may have difficulty paying our mortgage loan, which could result in losses to us. In addition, decreases in property values will reduce the value of the collateral and the potential proceeds available to our borrowers to repay our mortgage loans, which could also cause us to suffer losses.

***We may not be able to raise capital through financing activities and may have difficulties negotiating with lenders in times of distress due to our complex structure and property-level indebtedness.***

Substantially all of our assets are encumbered by property-level indebtedness; therefore, we may be limited in our ability to raise additional capital through property level or other financings. In addition, our ability to raise additional capital could be limited to refinancing existing secured mortgages before their maturity date which may result in yield maintenance or other prepayment penalties to the extent that the mortgage is not open for prepayment at par. Due to these limitations on our ability to raise additional capital, we may face difficulties obtaining liquidity and negotiating with lenders in times of distress.

***Mezzanine loans involve greater risks of loss than senior loans secured by income-producing properties.***

We may make and acquire mezzanine loans. These types of loans are considered to involve a higher degree of risk than long-term senior mortgage lending secured by income-producing real property due to a variety of factors, including the loan being entirely unsecured or, if secured, becoming unsecured as a result of foreclosure by the senior lender. We may not recover some or all of our investment in these loans. In addition, mezzanine loans may have higher loan-to-value ratios than conventional mortgage loans resulting in less equity in the property and increasing the risk of loss of principal.

***The assets associated with certain of our derivative transactions do not constitute qualified REIT assets and the related income will not constitute qualified REIT income. Significant fluctuations in the value of such assets or the related income could jeopardize our REIT status or result in additional tax liabilities.***

We have entered into certain derivative transactions to protect against interest rate risks and credit default risks not specifically associated with debt incurred to acquire qualified REIT assets. The REIT provisions of the Code limit our income and assets in each year from such derivative transactions. Failure to comply with the asset or income limitation within the REIT provisions of the Code could result in penalty taxes or loss of our REIT status. If we elect to contribute the non-qualifying derivatives into a TRS to preserve our REIT status, such an action would result in any income from such transactions being subject to U.S. federal income taxation.

***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 contain investments concentrated in a single industry and will not be fully diversified.***

We have formed subsidiaries for the primary purpose of acquiring securities and other investments of lodging-related entities. As such, our investment portfolio will 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.

***The values of our investments are affected by the U.S. credit and financial markets and, as such, may fluctuate.***

The U.S. credit and financial markets may experience severe dislocations and liquidity disruptions. The values of our investments are likely to be sensitive to the volatility of the U.S. credit and financial markets, and, to the extent that turmoil in the U.S. credit and financial markets occurs, such volatility has the potential to materially affect the value of our investment portfolio.

***We may invest in securities for which there is no liquid market, and we may be unable to dispose of such securities at the time or in the manner that may be most favorable to us, which may adversely affect our business.***

We may invest in securities for which there is no liquid market or which may be subject to legal and other restrictions on resale or otherwise be less liquid than publicly traded securities generally. The relative illiquidity of these investments may make it difficult for us to sell these investments when desired. In addition, if we are required to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the value at which we had previously recorded these investments. Our investments may occasionally be subject to contractual or legal restrictions on resale or will be otherwise illiquid due to the fact that there is no established trading market for such securities, or such trading market is thinly traded. The relative illiquidity of such investments may make it difficult for us to dispose of them at a favorable price, and, as a result, we may suffer losses.

## **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 or mortgage loans in our portfolio for reasonable prices in response to changing economic, financial, and investment conditions is limited.

We may decide to sell hotel properties or loans in the future. We cannot predict whether we will be able to sell any hotel property or loan 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 may sell a property at a loss as compared to carrying value. We also cannot predict the length of time needed to find a willing purchaser and to close the sale of a hotel property or loan. We may offer more flexible terms on our mortgage loans than some providers of commercial mortgage loans, and as a result, we may have more difficulty selling or participating our loans to secondary purchasers than would these more traditional lenders.

We may be required to expend funds to correct defects or to make improvements before a property can be sold. We cannot assure you that we will have funds available to correct those defects or to make those improvements. In acquiring 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 will be 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 and/or preferred 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 and properties underlying our loan assets may be subject to environmental liabilities. An owner of real property, or a lender with respect to a party that exercises control over the 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 or properties underlying our loan assets of which we are unaware. Some of our hotel properties or the properties underlying our loan assets 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 or if we foreclose on the property or otherwise have control over the property.

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

We generally have environmental insurance policies on each of our owned properties, and we intend to obtain environmental insurance for any other properties that we may acquire. However, if environmental liabilities are discovered during the underwriting of the insurance policies for any property that we may acquire in the future, we may be unable to obtain insurance coverage for the liabilities at commercially reasonable rates or at all, and we may experience losses. In addition, we generally do not require our borrowers to obtain environmental insurance on the properties they own that secure their loans from us.

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.

***Our properties and the properties underlying our mortgage loans 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 or the properties underlying our loan assets could require us or our borrowers 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 or our borrowers 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 or our borrowers to incur substantial costs.***

All of our properties and properties underlying our mortgage loans 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 and our borrowers 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 obtain only limited warranties when we purchase a property and would have only limited recourse if our due diligence did not identify any issues that lower the value of our property, which could adversely affect our financial condition and ability to make distributions to our stockholders.***

We may acquire a hotel property in its “as is” condition on a “where is” basis and “with all faults,” without any warranties of merchantability or fitness for a particular use or purpose. In addition, purchase agreements may contain only limited warranties, representations and indemnifications that will only survive for a limited period after the closing, or provide a cap on the amount of damages we can recover. The purchase of properties with limited warranties increases the risk that we may lose some or all our invested capital in the property as well as the loss of income from that property.

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

We have 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 with the intent to satisfy the requirements of

lenders and franchisors). In doing so, we have made 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, the cost of insurance and other factors.

Various types of catastrophic losses may not be insurable or may not be economically insurable. In the event of a substantial loss, our insurance coverage may not cover the full current market value or replacement cost of our lost investment, including losses incurred in relation to the COVID-19 pandemic or cybersecurity incidents. 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, there can be no assurance that:

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

In the future, we may choose not to maintain terrorism or other insurance policies on any of our properties. As a result, one or more large uninsured or underinsured losses could have a material adverse effect on us.

Each of our current lenders requires us to maintain certain insurance coverage thresholds, and we anticipate that future lenders will have similar requirements. We believe that we have complied with the insurance maintenance requirements under the current governing loan documents and we intend to comply with any such requirements in any future loan documents. However, a lender may disagree, in which case 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, subject us to a foreclosure on hotels securing one or more loans. In addition, a material casualty to one or more hotels securing 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, or the lender foreclosing on the hotels if there is a material loss that is not insured.

## **RISKS RELATED TO OUR STATUS AS A REIT**

***If we do not qualify as a REIT, we will be subject to tax as a regular corporation and could face substantial tax liability.***

We conduct operations so as to qualify as a REIT under the Code. However, qualification as a REIT involves the application of highly technical and complex Code provisions for which only a limited number of judicial or administrative interpretations exist. Even a technical or inadvertent mistake could jeopardize our REIT status or we may be required to rely on a REIT "savings clause." If we were to rely on a REIT "savings clause," we would have to pay a penalty tax, which could be material. Due to the gain we recognized as a result of the spin-off of Braemar, if Braemar were to fail to qualify as a REIT for 2013, we may have failed to qualify as a REIT for 2013 and subsequent taxable years. Furthermore, new tax legislation, administrative guidance, or court decisions, in each instance potentially with retroactive effect, could make it more difficult or impossible for us to qualify as a REIT.

If we fail to qualify as a REIT in any tax year, then:

- we would be taxed as a regular domestic corporation, which, among other things, means being unable to deduct distributions to our stockholders in computing taxable income and being subject to U.S. federal income tax on our taxable income at regular corporate rates;
- we would also be subject to federal alternative minimum tax for taxable years beginning before January 1, 2018, and, possibly, increased state and local income taxes;
- any resulting tax liability could be substantial and would reduce the amount of cash available for distribution to stockholders; and
- unless we were entitled to relief under applicable statutory provisions, we would be disqualified from treatment as a REIT for the subsequent four taxable years following the year that we lost our qualification, and, thus, our cash available for distribution to stockholders could be reduced for each of the years during which we did not 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 not be required to make distributions to stockholders to maintain our tax status. As a result of all of these factors, our failure to qualify as a REIT could impair our ability to raise capital, expand our business, and make distributions to our stockholders and could 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. 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 continue to 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 that have increased our state and local income tax burden 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 us to continue to qualify as a REIT for U.S. federal income tax purposes. In order to continue 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 lessee structure increases our overall tax liability.***

Our TRS lessees 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, net of the operating expenses for such hotel properties and rent payments to us. Accordingly, although our ownership of our TRS lessees allows us to participate in the operating income from our hotel properties in addition to receiving fixed rent, the net operating income is fully subject to income tax. The after-tax net income of our TRS lessees is available for distribution to us.

***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, there can be no assurance that we will be able to avoid application of the 100% excise tax discussed above.

***If our hotel managers, including Ashford Hospitality Services, LLC and its subsidiaries (including Remington Hotels) 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 is not qualifying income for purposes of the two gross income tests applicable to REITs. We lease all of our hotels to our TRS lessees. 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 of the REIT "savings clauses" applied.

If our hotel managers, including Ashford Hospitality Services, LLC ("AHS") and its subsidiaries (including Remington Hotels), 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, there can be no assurance that these ownership levels will not be exceeded. Additionally, we and AHS and its subsidiaries, including Remington Hotels, 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 to ensure that AHS and its subsidiaries, including Remington Hotels, continue to qualify as "eligible independent contractors."

***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% (based on the current maximum U.S. federal income tax rate for individuals of 37%). 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.

***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 would be subject to higher taxes and have less cash available for distribution to our stockholders and suffer other adverse consequences.***

We believe that our operating partnership qualifies to 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 required to include in income its allocable share of the operating partnership's income. No assurance can be provided, however, that the IRS will not challenge its status as a partnership for U.S. federal income tax purposes, or that a court would not sustain such a challenge. If the IRS were successful in treating our operating partnership as a corporation for tax purposes, we would fail to meet the gross income tests and certain of the asset tests applicable to REITs and, accordingly, cease to qualify as a REIT. Also, the failure of our operating partnership to qualify as a partnership would 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, 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 may utilize 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).

***Complying with REIT requirements may cause us to forgo 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 stock. We may be required to make distributions to stockholders at disadvantageous times or when we do not have funds readily available for distribution. Thus, compliance with the REIT requirements may hinder our ability to operate solely on the basis of maximizing profits.

***Complying with REIT requirements may limit our ability to hedge effectively.***

The REIT provisions of the Code may limit our ability to hedge mortgage securities and related borrowings by requiring us to limit our income and assets in each year from certain hedges, together with any other income not generated from qualified real estate assets, to no more than 25% of our gross income. In addition, we must limit our aggregate income from nonqualified hedging transactions, from our provision of services, and from other non-qualifying sources to no more than 5% of our annual gross income. As a result, we may have to limit our use of advantageous hedging techniques. This could result in greater risks associated with changes in interest rates than we would otherwise want to incur. However, for transactions that we enter into to protect against interest rate risks on debt incurred to acquire qualified REIT assets and for which we identify as hedges for tax purposes, any associated hedging income is excluded from the 95% income test and the 75% income test applicable to a REIT. In addition, similar rules apply to income from positions that primarily manage risk with respect to a prior hedge entered into by a REIT in connection with the extinguishment or disposal (in whole or in part) of the liability or asset related to such prior hedge, to the extent the new position qualifies as a hedge or would so qualify if the hedged position were ordinary property. If we were to violate the 25% or 5% limitations, we may have to pay a penalty tax equal to the amount of income in excess of those limitations multiplied by a fraction intended to reflect our profitability. If we fail to satisfy the REIT gross income tests, unless our failure was due to reasonable cause and not due to willful neglect such that a REIT "savings clause" applied, we could lose our REIT status for U.S. federal income tax purposes.

***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, and 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 our 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 our 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. 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 shares of our common stock instead of cash, in which case stockholders may be required to pay income taxes in excess of the cash dividends they receive.***

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; while not clear, such 10% limitation could be extended in the future).

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 taxes with respect to such dividends in excess of the cash dividends received. If a U.S. stockholder sells the shares of 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 shares of common stock. In addition, 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.

Although a safe harbor to the characterization of the sale of real property by a REIT as a prohibited transaction is available, we cannot assure you that we can comply with the safe harbor or that we will avoid owning property that may be characterized as held primarily for sale to customers in the ordinary course of business. Consequently, we may choose not to engage in certain sales of our properties or 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 stockholder return received by our stockholders.

***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 be treated, for U.S. federal income tax purposes, as a corporation.

***If Braemar failed to qualify as a REIT for 2013, it would significantly affect our ability to maintain our REIT status.***

For U.S. federal income tax purposes, we recorded a gain of approximately \$145.7 million as a result of the spin-off of Braemar in November 2013. If Braemar qualified for taxation as a REIT for 2013, that gain was qualifying income for purposes of our 2013 REIT income tests. If, however, Braemar failed to qualify as a REIT for 2013, that gain would be non-qualifying income for purposes of the 75% gross income test. Although Braemar covenanted in the Separation and Distribution Agreement to use reasonable best efforts to qualify as a REIT in 2013, no assurance can be given that it so qualified. If Braemar failed to qualify, we would have failed our 2013 REIT income tests, which would either result in our loss of our REIT status for 2013 and the following four taxable years or result in a significant tax in 2013 that has not been accrued or paid and thereby would materially negatively impact our business, financial condition and potentially impair our ability to continue operating in the future.

***Your investment in our securities has various federal, state, and local income tax risks that could affect the value of your investment.***

We strongly urge you to consult your own tax advisor concerning the effects of federal, state, and local income tax law on an investment in our securities because of the complex nature of the tax rules applicable to REITs and their stockholders.

***Our failure to qualify as a REIT would potentially give rise to a claim for damages from Braemar.***

In connection with the spin-off of Braemar, which was completed in November 2013, we represented in the Separation and Distribution Agreement with Braemar that we have no knowledge of any fact or circumstance that would cause us to fail to qualify as a REIT. In the event of a breach of this representation, Braemar may be able to seek damages from us, which could have a significantly negative effect on our liquidity and results of operations.

***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 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 CORPORATE STRUCTURE**

***Our charter, the partnership agreement of our operating partnership and Maryland law contain 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 (i) 9.8% of the lesser of the total number or value (whichever is more restrictive) of the outstanding shares of our common stock or (ii) 9.8% of the total number or value (whichever is more restrictive) 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 any class or series of our stock by an individual or entity could nevertheless cause that individual or entity to own constructively in excess of 9.8% of a class or series of outstanding stock, and thus be subject to our charter's ownership limit. Any attempt to own or transfer shares of our 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 a 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. These actions can be taken without obtaining stockholder approval. Our issuance of additional classes of common stock or preferred stock could substantially dilute the interests of the holders of our common stock. Such issuances could also 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.

***Certain provisions in the partnership agreement of 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 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 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 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 other provisions of Maryland law, if they became applicable to us, 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 provisions and control share provisions of the MGCL and prevents us from making any elections under Subtitle 8 of the MGCL. Because these provisions are contained in our charter, they cannot be amended unless the board of directors recommends the amendment and the stockholders approve the amendment. Any such amendment would require the affirmative vote of two-thirds of the outstanding voting power of our common stock. Additionally, in connection with the transactions contemplated by the Credit Agreement, on January 15, 2021, the Company entered into an investor agreement (the “Investor Agreement”) with Oaktree. Pursuant to the Investor Agreement, we are not permitted to elect to be subject to, or publicly recommend any charter amendment to our stockholders that would permit our board of directors to elect to be subject to, the business combination/moratorium provisions or share control provisions of Maryland law or any similar state anti-takeover law, except to the extent Oaktree and its affiliates are expressly exempted.

***We depend on our operating partnership and its subsidiaries for cash flow and are effectively structurally subordinated in right of payment to the obligations of our operating partnership and its subsidiaries, which could adversely affect our ability to make distributions to our stockholders.***

We have no business operations of our own. Our only significant asset is and will be the general and limited partnership interests of our operating partnership. We conduct, and intend to continue to conduct, all of our business operations through our operating partnership. Accordingly, our only source of cash to pay our obligations is distributions from our operating partnership and its subsidiaries of their net earnings and cash flows. We cannot assure our stockholders that our operating partnership or its subsidiaries will be able to, or be permitted to, make distributions to us that will enable us to make distributions to our stockholders from cash flows from operations. Each of our operating partnership’s subsidiaries is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from such entities. Therefore, in the event of our bankruptcy, liquidation or reorganization, our assets and those of our operating partnership and its subsidiaries will be able to satisfy the claims of our stockholders only after all of our and our operating partnership and its subsidiaries liabilities and obligations have been paid in full.

***Offerings of debt securities, which would be senior to our common stock and any preferred stock upon liquidation, or equity securities, which would dilute our existing stockholders' holdings and could be senior to our common stock for the purposes of dividend distributions, may adversely affect the market price of our common stock and any preferred stock.***

We may attempt to increase our capital resources by making additional 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 or preferred units and lenders with respect to other borrowings will receive a distribution of our available assets prior to the holders of shares of preferred stock or common stock. Furthermore, 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. Additional equity offerings may dilute the holdings of our existing stockholders or reduce the market price of our common or preferred stock or both. Our preferred stock or preferred units could have a preference on liquidating distributions or a preference on dividend payments that could limit our ability to make a dividend 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.

***Securities eligible for future sale may have adverse effects on the market price of our securities.***

We cannot predict the effect, if any, of future sales of securities, or the availability of securities for future sales, on the market price of our outstanding securities. Sales of substantial amounts of common stock, or the perception that these sales could occur, may adversely affect prevailing market prices for our securities.

We also may issue from time to time additional shares of our securities or units of our operating partnership in connection with the acquisition of properties and we may grant additional demand or piggyback registration rights in connection with these issuances. Sales of substantial amounts of our securities or the perception that such sales could occur may adversely affect the prevailing market price for our securities or may impair our ability to raise capital through a sale of additional debt or equity securities.

***An increase in market interest rates may have an adverse effect on the market price of our securities.***

A factor investors may consider in deciding whether to buy or sell our securities is our dividend rate as a percentage of our share or unit price relative to market interest rates. If market interest rates increase, prospective investors may desire a higher dividend or interest rate on our securities or seek securities paying higher dividends or interest. The market price of our securities is likely based on the earnings and return that we derive from our investments, income with respect to our properties, and our related distributions to stockholders and not necessarily from the market value or underlying appraised value of the properties or investments themselves. As a result, interest rate fluctuations and capital market conditions can affect the market price of our securities. For instance, if interest rates rise without an increase in our dividend rate, the market price of our common or preferred stock could decrease because potential investors may require a higher dividend yield on our common or preferred stock as market rates on interest-bearing securities, such as bonds, rise. In addition, rising interest rates would result in increased interest expense on our variable-rate debt, thereby adversely affecting cash flow and our ability to service our indebtedness and pay dividends.

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

Our board of directors has overall authority to oversee our operations and determine our major corporate policies. This authority includes significant flexibility. For example, our board of directors can do the following:

- 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 our advisor under certain conditions pursuant to the advisory agreement, subject to the payment of a termination fee;
- 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, subject to the limitations and restrictions provided in our advisory agreement and mutual exclusivity agreement;
- 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;

- issue additional shares without obtaining stockholder approval, which could dilute the ownership of our then-current stockholders;
- 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;
- 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, 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 not 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 you, as a stockholder, the right to vote.

***The ability of our board of directors to change our major policies without the consent of stockholders may not be in our stockholders' interest.***

Our board of directors determines our major policies, including policies and guidelines relating to our acquisitions, leverage, financing, growth, operations and distributions to stockholders. Our board of directors may amend or revise these and other policies and guidelines from time to time without the vote or consent of our stockholders, subject to certain limitations and restrictions provided in our advisory agreement. Accordingly, our stockholders will have limited control over changes in our policies and those changes could adversely affect our financial condition, results of operations, the market price of our stock and our ability to make distributions to our stockholders.

***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 active and deliberate dishonesty established by a final judgment to have been 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 fund the defense costs incurred by our 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 400,000,000 shares of common stock and 50,000,000 shares of preferred stock. As of February 24, 2022, we had 34,493,429 shares of our common stock issued and outstanding, 1,174,427 shares of our Series D Cumulative Preferred Stock, 1,251,044 shares of our Series F Cumulative Preferred Stock, 1,531,996 shares of our Series G Cumulative Preferred Stock, 1,308,415 shares of our Series H Cumulative Preferred Stock, and 1,252,923 share of our Series I Cumulative Preferred Stock. Accordingly, we may issue up to an additional 365,506,571 shares of common stock and 43,481,195 shares of preferred stock.

Future issuances of common stock or preferred stock 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. Future issuances 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.

**Item 1B. Unresolved Staff Comments**

None.

**Item 2. Properties**

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

**HOTEL PROPERTIES.** As of December 31, 2021, we held ownership interests in 100 hotel properties that were included in our consolidated operations. Currently, all of our hotel properties are located in the United States. The following table presents certain information related to our hotel properties:

Hotel Property	Location	Service Type	Total Rooms	% Owned	Owned Rooms	Year Ended December 31, 2021		
						Occupancy	ADR	RevPAR
Fee Simple Properties								
Embassy Suites .....	Austin, TX	Full service	150	100%	150	58.26 %	\$ 126.84	\$ 73.90
Embassy Suites .....	Dallas, TX	Full service	150	100	150	59.65 %	\$ 109.42	\$ 65.27
Embassy Suites .....	Herndon, VA	Full service	150	100	150	60.24 %	\$ 109.45	\$ 65.94
Embassy Suites .....	Las Vegas, NV	Full service	220	100	220	60.43 %	\$ 141.18	\$ 85.32
Embassy Suites .....	Flagstaff, AZ	Full service	119	100	119	72.29 %	\$ 158.16	\$ 114.33
Embassy Suites .....	Houston, TX	Full service	150	100	150	67.96 %	\$ 126.81	\$ 86.18
Embassy Suites .....	West Palm Beach, FL	Full service	160	100	160	77.07 %	\$ 140.70	\$ 108.43
Embassy Suites .....	Philadelphia, PA	Full service	263	100	263	62.38 %	\$ 142.68	\$ 89.01
Embassy Suites .....	Walnut Creek, CA	Full service	249	100	249	62.88 %	\$ 146.54	\$ 92.15
Embassy Suites .....	Arlington, VA	Full service	269	100	269	46.82 %	\$ 148.17	\$ 69.37
Embassy Suites .....	Portland, OR	Full service	276	100	276	36.27 %	\$ 163.89	\$ 59.45
Embassy Suites .....	Santa Clara, CA	Full service	258	100	258	44.02 %	\$ 134.15	\$ 59.05
Embassy Suites .....	Orlando, FL	Full service	174	100	174	72.57 %	\$ 127.93	\$ 92.83
Hilton Garden Inn .....	Jacksonville, FL	Select service	119	100	119	70.13 %	\$ 115.98	\$ 81.33
Hilton Garden Inn .....	Austin, TX	Select service	254	100	254	54.96 %	\$ 140.39	\$ 77.16
Hilton Garden Inn .....	Baltimore, MD	Select service	158	100	158	66.21 %	\$ 100.17	\$ 66.33
Hilton Garden Inn .....	Virginia Beach, VA	Select service	176	100	176	75.53 %	\$ 142.24	\$ 107.44
Hilton .....	Houston, TX	Full service	242	100	242	59.13 %	\$ 111.18	\$ 65.74
Hilton .....	St. Petersburg, FL	Full service	333	100	333	60.27 %	\$ 165.15	\$ 99.53
Hilton .....	Santa Fe, NM	Full service	158	100	158	59.04 %	\$ 180.85	\$ 106.77
Hilton .....	Bloomington, MN	Full service	300	100	300	43.41 %	\$ 110.07	\$ 47.78
Hilton .....	Costa Mesa, CA	Full service	486	100	486	56.99 %	\$ 118.99	\$ 67.81
Hilton .....	Boston, MA	Full service	390	100	390	55.44 %	\$ 199.55	\$ 110.63
Hilton .....	Parsippany, NJ	Full service	353	100	353	29.63 %	\$ 130.01	\$ 38.52
Hilton .....	Tampa, FL	Full service	238	100	238	73.53 %	\$ 120.18	\$ 88.37
Hilton .....	Alexandria, VA	Full service	252	100	252	44.22 %	\$ 142.68	\$ 63.10
Hilton .....	Santa Cruz, CA	Full service	178	100	178	69.14 %	\$ 181.43	\$ 125.44
Hilton .....	Ft. Worth, TX	Full service	294	100	294	44.31 %	\$ 155.33	\$ 68.82
Hampton Inn .....	Lawrenceville, GA	Select service	85	100	85	71.94 %	\$ 100.24	\$ 72.12
Hampton Inn .....	Evansville, IN	Select service	140	100	140	54.72 %	\$ 99.73	\$ 54.57
Hampton Inn .....	Parsippany, NJ	Select service	152	100	152	37.81 %	\$ 114.32	\$ 43.23
Hampton Inn .....	Buford, GA	Select service	92	100	92	72.15 %	\$ 119.31	\$ 86.08
Marriott .....	Beverly Hills, CA	Full service	260	100	260	89.09 %	\$ 179.44	\$ 159.87
Marriott .....	Durham, NC	Full service	225	100	225	38.23 %	\$ 110.33	\$ 42.18
Marriott .....	Arlington, VA	Full service	701	100	701	43.72 %	\$ 131.47	\$ 57.48
Marriott .....	Bridgewater, NJ	Full service	349	100	349	40.78 %	\$ 136.52	\$ 55.68
Marriott .....	Dallas, TX	Full service	265	100	273	46.27 %	\$ 114.26	\$ 52.87
Marriott .....	Fremont, CA	Full service	357	100	357	40.47 %	\$ 112.52	\$ 45.53
Marriott .....	Memphis, TN	Full service	232	100	232	59.13 %	\$ 127.60	\$ 75.44
Marriott .....	Irving, TX	Full service	499	100	491	60.24 %	\$ 129.29	\$ 77.88
Marriott .....	Omaha, NE	Full service	300	100	300	42.63 %	\$ 114.34	\$ 48.74

Hotel Property	Location	Service Type	Total Rooms	% Owned	Owned Rooms	Year Ended December 31, 2021		
						Occupancy	ADR	RevPAR
Marriott	Sugarland, TX	Full service	300	100	300	63.08 %	\$ 125.15	\$ 78.95
SpringHill Suites by Marriott	Baltimore, MD	Select service	133	100	133	50.18 %	\$ 88.98	\$ 44.65
SpringHill Suites by Marriott	Kennesaw, GA	Select service	90	100	90	61.13 %	\$ 114.91	\$ 70.25
SpringHill Suites by Marriott	Buford, GA	Select service	97	100	97	63.26 %	\$ 103.66	\$ 65.58
SpringHill Suites by Marriott	Manhattan Beach, CA	Select service	164	100	164	66.44 %	\$ 117.34	\$ 77.96
SpringHill Suites by Marriott	Plymouth Meeting, PA	Select service	199	100	199	49.08 %	\$ 97.74	\$ 47.98
Fairfield Inn by Marriott	Kennesaw, GA	Select service	86	100	86	58.87 %	\$ 108.54	\$ 63.89
Courtyard by Marriott	Bloomington, IN	Select service	117	100	117	53.15 %	\$ 115.69	\$ 61.49
Courtyard by Marriott - Tremont	Boston, MA	Select service	315	100	315	50.16 %	\$ 167.81	\$ 84.18
Courtyard by Marriott	Columbus, IN	Select service	90	100	90	50.86 %	\$ 99.75	\$ 50.74
Courtyard by Marriott	Denver, CO	Select service	202	100	202	79.77 %	\$ 114.67	\$ 91.48
Courtyard by Marriott	Gaithersburg, MD	Select service	210	100	210	46.08 %	\$ 115.46	\$ 53.20
Courtyard by Marriott	Crystal City, VA	Select service	272	100	272	49.03 %	\$ 98.31	\$ 48.20
Courtyard by Marriott	Overland Park, KS	Select service	168	100	168	43.81 %	\$ 104.19	\$ 45.64
Courtyard by Marriott	Foothill Ranch, CA	Select service	156	100	156	72.67 %	\$ 112.52	\$ 81.78
Courtyard by Marriott	Alpharetta, GA	Select service	154	100	154	53.15 %	\$ 91.03	\$ 48.38
Courtyard by Marriott	Oakland, CA	Select service	156	100	156	75.92 %	\$ 108.49	\$ 82.36
Courtyard by Marriott	Scottsdale, AZ	Select service	180	100	180	73.03 %	\$ 121.41	\$ 88.67
Courtyard by Marriott	Plano, TX	Select service	153	100	153	46.12 %	\$ 85.67	\$ 39.51
Courtyard by Marriott	Newark, CA	Select service	181	100	181	53.16 %	\$ 90.11	\$ 47.91
Courtyard by Marriott	Manchester, CT	Select service	90	100	90	72.83 %	\$ 118.59	\$ 86.37
Courtyard by Marriott	Basking Ridge, NJ	Select service	235	100	235	31.58 %	\$ 123.44	\$ 38.98
Marriott Residence Inn	Evansville, IN	Select service	78	100	78	72.75 %	\$ 101.32	\$ 73.71
Marriott Residence Inn	Orlando, FL	Select service	350	100	350	70.63 %	\$ 110.24	\$ 77.86
Marriott Residence Inn	Falls Church, VA	Select service	159	100	159	62.49 %	\$ 120.56	\$ 75.34
Marriott Residence Inn	San Diego, CA	Select service	150	100	150	78.74 %	\$ 147.49	\$ 116.13
Marriott Residence Inn	Salt Lake City, UT	Select service	144	100	144	55.18 %	\$ 116.59	\$ 64.34
Marriott Residence Inn	Las Vegas, NV	Select service	256	100	256	79.27 %	\$ 120.57	\$ 95.58
Marriott Residence Inn	Phoenix, AZ	Select service	200	100	200	67.53 %	\$ 89.01	\$ 60.11
Marriott Residence Inn	Plano, TX	Select service	126	100	126	67.36 %	\$ 80.76	\$ 54.40
Marriott Residence Inn	Newark, CA	Select service	168	100	168	72.25 %	\$ 104.51	\$ 75.51
Marriott Residence Inn	Manchester, CT	Select service	96	100	96	77.49 %	\$ 124.51	\$ 96.48
Marriott Residence Inn	Jacksonville, FL	Select service	120	100	120	74.87 %	\$ 123.95	\$ 92.81
TownePlace Suites by Marriott	Manhattan Beach, CA	Select service	143	100	143	72.87 %	\$ 129.35	\$ 94.26
One Ocean	Atlantic Beach, FL	Full service	193	100	193	64.54 %	\$ 258.24	\$ 166.68
Sheraton Hotel	Ann Arbor, MI	Full service	197	100	197	39.53 %	\$ 150.81	\$ 59.62
Sheraton Hotel	Langhorne, PA	Full service	186	100	186	51.43 %	\$ 138.30	\$ 71.13
Sheraton Hotel	Minneapolis, MN	Full service	220	100	220	24.28 %	\$ 100.36	\$ 24.36
Sheraton Hotel	Indianapolis, IN	Full service	378	100	378	43.09 %	\$ 127.53	\$ 54.95
Sheraton Hotel	Anchorage, AK	Full service	370	100	370	63.37 %	\$ 145.72	\$ 92.34
Sheraton Hotel	San Diego, CA	Full service	260	100	260	49.91 %	\$ 127.40	\$ 63.58
Hyatt Regency	Coral Gables, FL	Full service	254	100	254	78.26 %	\$ 168.51	\$ 131.88
Hyatt Regency	Hauppauge, NY	Full service	358	100	358	44.10 %	\$ 151.86	\$ 66.97
Hyatt Regency	Savannah, GA	Full service	351	100	351	82.66 %	\$ 186.66	\$ 154.30
Renaissance	Nashville, TN	Full service	673	100	673	60.32 %	\$ 221.20	\$ 133.42
Annapolis Historic Inn	Annapolis, MD	Full service	124	100	124	50.69 %	\$ 179.67	\$ 91.07
Lakeway Resort & Spa	Austin, TX	Full service	168	100	168	57.05 %	\$ 248.82	\$ 141.94
Silversmith	Chicago, IL	Full service	144	100	144	35.16 %	\$ 157.71	\$ 55.45
The Churchill	Washington, D.C.	Full service	173	100	173	33.99 %	\$ 129.82	\$ 44.12
The Melrose	Washington, D.C.	Full service	240	100	240	33.62 %	\$ 158.29	\$ 53.22
Le Pavillon	New Orleans, LA	Full service	226	100	226	32.49 %	\$ 145.77	\$ 47.36
The Ashton	Ft. Worth, TX	Full service	39	100	39	52.15 %	\$ 165.48	\$ 86.30
Westin	Princeton, NJ	Full service	296	100	296	46.03 %	\$ 125.25	\$ 57.65

Hotel Property	Location	Service Type	Total Rooms	% Owned	Owned Rooms	Year Ended December 31, 2021		
						Occupancy	ADR	RevPAR
W .....	Atlanta, GA	Full service	237	100	237	47.83 %	\$ 221.49	\$ 105.95
Hotel Indigo .....	Atlanta, GA	Full service	141	100	141	50.83 %	\$ 125.44	\$ 63.76
Ritz-Carlton .....	Atlanta, GA	Full service	444	100	444	46.24 %	\$ 269.44	\$ 124.59
La Posada de Santa Fe .....	Santa Fe, NM	Full service	157	100	157	64.86 %	\$ 256.29	\$ 166.22
<b>Ground Lease Properties</b>								
Crowne Plaza <sup>(1)(2)</sup> .....	Key West, FL	Full service	160	100	160	81.13 %	\$ 341.34	\$ 276.92
Renaissance <sup>(3)</sup> .....	Palm Springs, CA	Full service	410	100	410	54.38 %	\$ 161.23	\$ 87.68
Total .....			<u>22,313</u>		<u>22,313</u>	<u>55.60 %</u>	<u>\$ 143.62</u>	<u>\$ 79.84</u>

<sup>(1)</sup> The ground lease expires in 2084.

<sup>(2)</sup> The Company entered into a new franchise agreement with Marriott to convert the Crowne Plaza La Concha Key West Hotel in Key West, Florida to an Autograph Collection property. The agreement with Marriott calls for the Hotel to be converted to an Autograph property by July 1, 2022.

<sup>(3)</sup> The ground lease expires in 2059 with one 25-year extension option.

### Item 3. Legal Proceedings

**Litigation—Palm Beach Florida Hotel and Office Building Limited Partnership, et al. v. Nantucket Enterprises, Inc.** This litigation involves a landlord tenant dispute from 2008 in which the landlord, Palm Beach Florida Hotel and Office Building Limited Partnership, a subsidiary of the Company, claimed that the tenant had violated various lease provisions of the lease agreement and was therefore in default. The tenant counterclaimed and asserted multiple claims including that it had been wrongfully evicted. The litigation was instituted by the plaintiff in November 2008 in the Circuit Court of the Fifteenth Judicial Circuit, in and for Palm Beach County, Florida and proceeded to a jury trial on June 30, 2014. The jury entered its verdict awarding the tenant total claims of \$10.8 million and ruling against the landlord on its claim of breach of contract. In 2016, the Court of Appeals reduced the original \$10.8 million judgment to \$8.8 million and added pre-judgment interest on the wrongful eviction judgment. The case was further appealed to the Florida Supreme Court. On May 23, 2017, the trial court issued an order compelling the company that issued the supersedeas bond, RLI Insurance Company (“RLI”), to pay approximately \$10.0 million. On June 1, 2017, RLI paid Nantucket this amount and sought reimbursement from the Company, and on June 7, 2017, the Company paid \$2.5 million of the judgment. On June 27, 2017, the Florida Supreme Court denied the Company’s petition for review. As a result, all of the appeals were exhausted and the judgment was final with the determination and reimbursement of attorneys’ fees being the only remaining dispute. On June 29, 2017, the balance of the judgment of \$3.9 million was paid to Nantucket by the Company. On July 26, 2018, we paid \$544,000 as part of a settlement on certain legal fees. The negotiations relating to the potential payment of the remaining attorney’s fees are still ongoing. As of December 31, 2021, we have accrued approximately \$504,000 in legal fees, which represents the Company’s estimate of the amount of potential remaining legal fees that could be owed.

On December 4, 2015, Pedro Membrives filed a class action lawsuit against HHC TRS FP Portfolio LLC, Remington Lodging & Hospitality, LLC, Remington Holdings LLC, Mark A. Sharkey, Archie Bennett, Jr., Monty J. Bennett, Christopher Peckham, and any other related entities in the Supreme Court of New York, Nassau County, Commercial Division. On August 30, 2016, the complaint was amended to add Michele Spero as a Plaintiff and Remington Long Island Employers, LLC as a defendant. The lawsuit is captioned Pedro Membrives and Michele Spero, individually and on behalf of others similarly situated v. HHC TRS FP Portfolio LLC, Remington Lodging & Hospitality, LLC, Remington Holdings LLC, Remington Long Island Employers, LLC, et al., Index No. 607828/2015 (Sup. Ct. Nassau Cty.). The plaintiffs allege that the owner and management company of the Hyatt Regency Long Island hotel violated New York law by improperly retaining service charges rather than distributing them to employees. In 2017, the class was certified. On July 24, 2018, the trial court granted the plaintiffs’ motion for summary judgment on liability. The defendants appealed the summary judgment to the New York State Appellate Division, Second Department (the “Second Department”). The Second Department heard oral arguments in this matter on April 20, 2021, and on July 14, 2021, affirmed in part, and modified in part, the trial court’s summary judgement in favor of the plaintiffs. Based on the Second Department’s holding, all information produced during discovery, and the continuing cost and risk, to both sides, of further appeals related to this matter, the Company is analyzing whether to continue to appeal and vigorously defend this matter or to pursue an out-of-court settlement. The Company believes it is probable that it will ultimately incur a loss from this litigation. As a result, the Company has recorded an accrual of approximately \$4.2 million as of December 31, 2021. The final outcome could result in a loss of up to approximately \$8 million in excess of the amount accrued, plus additional interest and attorneys’ fees.

In June 2020, each of the Company, Braemar, Ashford Inc., and Lismore, a subsidiary of Ashford Inc. (collectively with the Company, Braemar, Ashford Inc. and Lismore, the “Ashford Companies”), received an administrative subpoena from the

SEC. The Company's administrative subpoena requires the production of documents and other information since January 1, 2018 relating to, among other things, (1) related party transactions among the Ashford Companies (including the Lismore Agreement between the Company and Lismore pursuant to which the Company engaged Lismore to negotiate the refinancing, modification or forbearance of certain mortgage debt) or between any of the Ashford Companies and any officer, director or owner of the Ashford Companies or any entity controlled by any such person, and (2) the Company's accounting policies, procedures, and internal controls related to such related party transactions. In addition, in October 2020, Mr. Monty J. Bennett, chairman of our board of directors, received an administrative subpoena from the SEC requiring testimony and the production of documents and other information substantially similar to the requests in the subpoenas received by the Ashford Companies. On January 11, 2022, the Company received a letter from the staff of the SEC stating that the SEC's investigation is concluded, and that the SEC enforcement staff does not intend to recommend any action by the SEC against the Company. Braemar and Ashford Inc. also each received a letter stating that the SEC's investigation is concluded, and that the SEC enforcement staff does not intend to recommend any action against the respective companies.

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 nine hotels owned by subsidiaries of the Company. The court has entered an order granting class certification with respect to: (1) 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) 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. 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, 2021, no amounts have been accrued.

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 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 assessment may change depending upon the development of these legal proceedings, and the final results of these legal proceedings cannot be predicted with certainty. If we 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***

##### **(a) Market Price of and Dividends on Registrant's Common Equity and Related Stockholder Matters**

###### ***Market Price and Dividend Information***

Our common stock is listed and traded on the New York Stock Exchange under the symbol "AHT." On February 24, 2022, there were 214 registered holders of record of our common stock.

For the years ended December 31, 2021 and 2020, we did not declare or pay common stock dividends. In December 2021, the board of directors approved our dividend policy for 2022, which continued the suspension of the Company's common stock dividend into 2022 in light of the ongoing uncertainty from the COVID-19 pandemic and to protect liquidity. The board of directors will continue to review our dividend policy and make future announcements with respect thereto. We may incur indebtedness to meet distribution requirements imposed on REITs under the Code to the extent that working capital and cash flow from our investments are insufficient to fund required distributions. To maintain our qualification as a REIT, we intend to

make annual distributions to our stockholders of at least 90% of our REIT taxable income, excluding net capital gains (which does not necessarily equal net income as calculated in accordance with GAAP). Distributions will be authorized by our board of directors and declared by us based upon a variety of factors deemed relevant by our directors. Our ability to pay distributions to our stockholders will depend, in part, upon our receipt of distributions from our operating partnership. This, in turn, may depend upon receipt of lease payments with respect to our properties from indirect, wholly-owned subsidiaries of our operating partnership and the management of our properties by our hotel managers and general business conditions (including the impact of COVID-19).

### *Characterization of Distributions*

For income tax purposes, distributions paid consist of ordinary income, capital gains, return of capital or a combination thereof. Distributions paid per share were characterized as follows for the following fiscal years:

	2021		2020		2019	
	Amount	%	Amount	%	Amount	%
Common Stock (cash):						
Ordinary income	\$ —	— %	\$ —	— %	\$ —	— %
Capital gain	—	—	—	—	—	—
Return of capital	—	—	0.6000 <sup>(1)</sup>	100.0000	3.6000 <sup>(1)</sup>	100.0000
Total	<u>\$ —</u>	<u>— %</u>	<u>\$ 0.6000</u>	<u>100.0000 %</u>	<u>\$ 3.6000</u>	<u>100.0000 %</u>
Common Stock (stock - NYSE: AINC):						
Ordinary income	\$ —	— %	\$ —	— %	\$ —	— %
Capital gain	—	—	—	—	—	—
Return of capital	—	—	—	—	0.0380 <sup>(2)</sup>	100.0000
Total	<u>\$ —</u>	<u>— %</u>	<u>\$ —</u>	<u>— %</u>	<u>\$ 0.0380</u>	<u>— %</u>
Preferred Stock – Series D:						
Ordinary income	\$ —	— %	\$ —	— %	\$ —	— %
Capital gain	—	—	—	—	—	—
Return of capital	3.1686 <sup>(1)</sup>	100.0000	1.0562 <sup>(1)</sup>	100.0000	2.1124 <sup>(1)</sup>	100.0000
Total	<u>\$ 3.1686</u>	<u>100.0000 %</u>	<u>\$ 1.0562</u>	<u>100.0000 %</u>	<u>\$ 2.1124</u>	<u>100.0000 %</u>
Preferred Stock – Series F:						
Ordinary income	\$ —	— %	\$ —	— %	\$ —	— %
Capital gain	—	—	—	—	—	—
Return of capital	2.7654 <sup>(1)</sup>	100.0000	0.9218 <sup>(1)</sup>	100.0000	1.8436 <sup>(1)</sup>	100.0000
Total	<u>\$ 2.7654</u>	<u>100.0000 %</u>	<u>\$ 0.9218</u>	<u>100.0000 %</u>	<u>\$ 1.8436</u>	<u>100.0000 %</u>
Preferred Stock – Series G:						
Ordinary income	\$ —	— %	\$ —	— %	\$ —	— %
Capital gain	—	—	—	—	—	—
Return of capital	2.7654 <sup>(1)</sup>	100.0000	0.9218 <sup>(1)</sup>	100.0000	1.8436 <sup>(1)</sup>	100.0000
Total	<u>\$ 2.7654</u>	<u>100.0000 %</u>	<u>\$ 0.9218</u>	<u>100.0000 %</u>	<u>\$ 1.8436</u>	<u>100.0000 %</u>
Preferred Stock – Series H:						
Ordinary income	\$ —	— %	\$ —	— %	\$ —	— %
Capital gain	—	—	—	—	—	—
Return of capital	2.8125 <sup>(1)</sup>	100.0000	0.9375 <sup>(1)</sup>	100.0000	1.8750 <sup>(1)</sup>	100.0000
Total	<u>\$ 2.8125</u>	<u>100.0000 %</u>	<u>\$ 0.9375</u>	<u>100.0000 %</u>	<u>\$ 1.8750</u>	<u>100.0000 %</u>
Preferred Stock – Series I:						
Ordinary income	\$ —	— %	\$ —	— %	\$ —	— %
Capital gain	—	—	—	—	—	—
Return of capital	2.8125 <sup>(1)</sup>	100.0000	0.9375 <sup>(1)</sup>	100.0000	1.8750 <sup>(1)</sup>	100.0000
Total	<u>\$ 2.8125</u>	<u>100.0000 %</u>	<u>\$ 0.9375</u>	<u>100.0000 %</u>	<u>\$ 1.8750</u>	<u>100.0000 %</u>

<sup>(1)</sup> The fourth quarter 2018 preferred and common distributions paid January 17, 2019 are treated as 2019 distributions for tax purposes. The fourth quarter 2019 preferred and common distributions paid January 16, 2020 are treated as 2020 distributions for tax purposes. The fourth quarter 2021 preferred distributions paid January 14, 2022 are treated as 2022 distributions for tax purposes.

<sup>(2)</sup> On November 5, 2019 Ashford Trust distributed its remaining shares of common stock in Ashford Inc. (NYSE: AINC) to the common stockholders of record as of the close of business of the New York Stock Exchange on October 29, 2019.



### ***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 as of December 31, 2021:

	<b>Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights</b>	<b>Weighted-Average Exercise Price Of Outstanding Options, Warrants, And Rights</b>	<b>Number of Securities Remaining Available for Future Issuance</b>
Equity compensation plans approved by security holders.....	None	N/A	43,000 <sup>(1)</sup>
Equity compensation plans not approved by security holders .	None	N/A	None
Total.....	None	N/A	43,000

<sup>(1)</sup> As of December 31, 2021, there were approximately 43,000 shares of our common stock, or securities convertible into approximately 43,000 shares of our common stock that remained available for issuance under our 2021 Stock Incentive Plan.

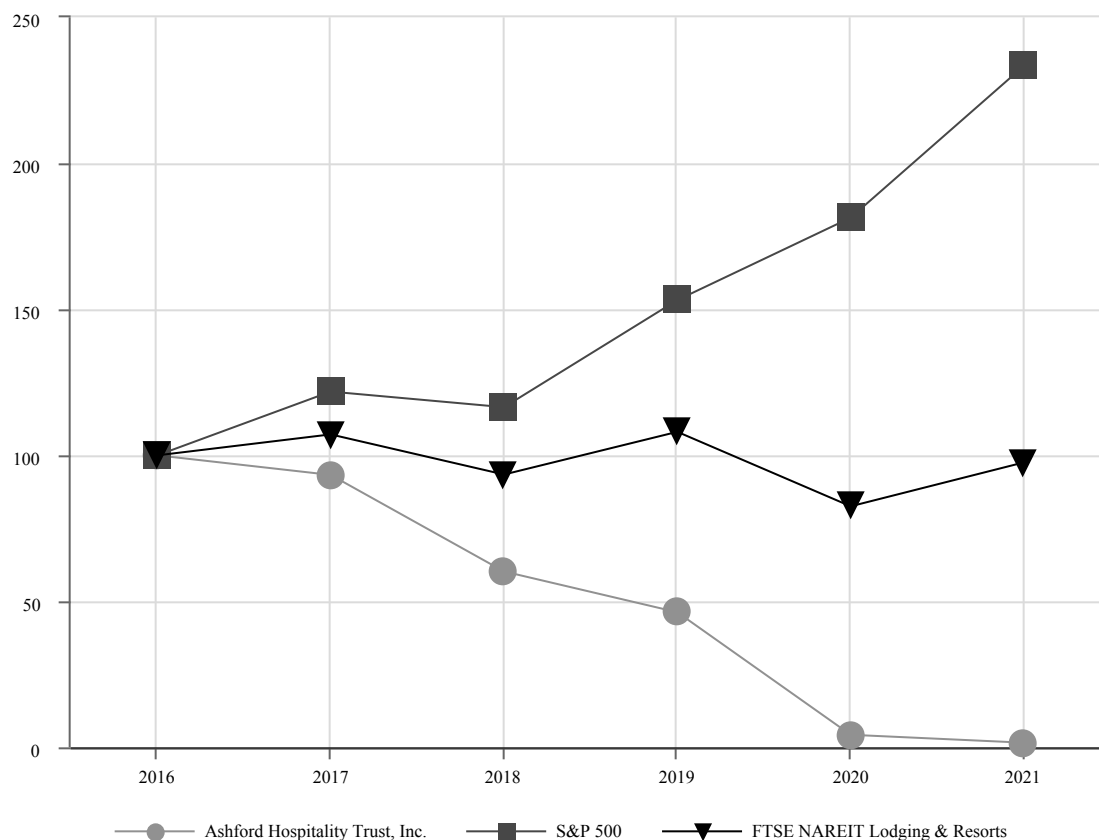
### ***Performance Graph***

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, 2016 through December 31, 2021, assuming an initial investment of \$100 in stock on December 31, 2016 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 Ashford Hospitality Trust, Inc., Attention: Stockholder Relations, 14185 Dallas Parkway, Suite 1200, Dallas, Texas 75254.

The stock price performance shown below on the graph is not necessarily indicative of future price performance.

## COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN

Among Ashford Hospitality Trust, Inc., the S&P Index and the FTSE NAREIT Lodging & Resorts Index



### Purchases of Equity Securities by the Issuer

The following table provides the information with respect to purchases of shares of our common stock during each of the months in the fourth quarter of 2021:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan <sup>(1)</sup>	Maximum Dollar Value of Shares That May Yet Be Purchased Under the Plan
Common stock:				
October 1 to October 31 .....	593	\$ — <sup>(2)</sup>	—	\$ 200,000,000
November 1 to November 30 .....	2	— <sup>(2)</sup>	—	200,000,000
December 1 to December 31 .....	119	— <sup>(2)</sup>	—	200,000,000
Total .....	714	\$ —	—	

<sup>(1)</sup> On December 5, 2017, the board of directors reapproved the Repurchase Program pursuant to which the board of directors granted a repurchase authorization to acquire shares of the Company's common stock having an aggregate value of up to \$200 million. The board of directors' authorization replaced any previous repurchase authorizations.

<sup>(2)</sup> There is no cost associated with the forfeiture of 593, 2 and 119 restricted shares of our common stock in October, November and December, respectively.

During the period between October 1, 2021 and December 31, 2021, the Company exchanged a total of 910,794 shares of its common stock for an aggregate of 477,997 shares of preferred stock with certain holders of its 8.45% Series D Cumulative

Preferred Stock, 7.375% Series F Cumulative Preferred Stock, 7.375% Series G Cumulative Preferred Stock, 7.50% Series H Cumulative Preferred Stock and 7.50% Series I Cumulative Preferred Stock. The issuance of the shares of the common stock was made by the Company pursuant to the exemption from the registration requirements of Section 3(a)(9) of the Securities Act on the basis that these offers constituted an exchange with existing holders of the Company's securities. No commission or other remuneration was paid to any party for soliciting such exchange and the transactions did not involve a public offering. In consideration for the common share issuances, the Company received the preferred shares from the stockholders, which preferred shares were cancelled and of no further effect.

**Item 6.    *Reserved***

**Item 7.    *Management's Discussion and Analysis of Financial Condition and Results of Operations***

*This section of this Form 10-K generally discusses 2021 and 2020 items and year-to-year comparisons between 2021 and 2020. Discussions of 2020 items and year-to-year comparisons between 2020 and 2019 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, 2020.*

**EXECUTIVE OVERVIEW**

**General**

As of December 31, 2021, we owned 100 consolidated hotel properties which represents 22,313 total rooms. Currently, all of our hotel properties are located in the United States.

Based on our primary business objectives and forecasted operating conditions, our current key priorities and financial strategies include, among other things:

- adjusting cost and operational models due to the impact of COVID-19 on the hotel industry;
- maintain maximum cash and cash equivalents liquidity;
- opportunistically exchange preferred stock into common stock;
- disposition of non-core hotel properties;
- pursuing capital market activities to enhance long-term stockholder value;
- implementing selective capital improvements designed to increase profitability;
- implementing effective asset management strategies to minimize operating costs and increase revenues;
- financing or refinancing hotels on competitive terms;
- utilizing hedges and derivatives to mitigate risks; and
- making other investments or divestitures that our board of directors deems appropriate.

Our current investment strategy is to focus on owning predominantly full-service hotels in the upper upscale segment in domestic markets that have revenue per available room ("RevPAR") generally less than twice the national average. We believe that as supply, demand, and capital market cycles change, we will be able to shift our investment strategy to take advantage of new lodging-related investment opportunities as they may develop. Our board of directors may change our investment strategy at any time without stockholder approval or notice. We will continue to seek ways to benefit from the cyclical nature of the hotel industry.

**Liquidity**

In December 2019, COVID-19 was identified in Wuhan, China, subsequently spread to other regions of the world, and resulted in significant travel restrictions and the extended shutdown of numerous businesses throughout the United States. In March 2020, the World Health Organization declared COVID-19 to be a global pandemic. Beginning in late February 2020, we experienced a significant decline in occupancy and RevPAR, and we expect the occupancy and RevPAR declines associated with COVID-19 to continue. The prolonged presence of the virus resulted in health and other government authorities imposing widespread restrictions on travel and other businesses.

On January 15, 2021, the Company entered into the Credit Agreement with Oaktree comprised of (a) initial term loans in an aggregate principal amount of \$200 million, (b) initial delayed draw term loans (the "Initial DDTL") in an aggregate principal amount of up to \$150 million and (c) additional delayed draw term loans (the "Additional DDTL") in an aggregate principal amount of up to \$100 million. On October 12, 2021, the Company and Ashford Truist OP entered into Amendment No. 1 to the Credit Agreement (Original Credit Agreement, as amended thereby, the "Credit Agreement").

As of December 31, 2021, the Company held cash and cash equivalents of \$592.1 million and restricted cash of \$99.5 million. The vast majority of the restricted cash comprises lender and manager held reserves. During 2020, the Company worked with its property managers and lenders in order to utilize lender and manager held reserves to fund operating shortfalls. The Company continues to have discussions with one of its lenders about a potential modification on its property level debt. On November 23, 2021, the Company announced that its board of directors declared cash dividends on the Company's 8.45% Series D Cumulative Preferred Stock, 7.375% Series F Cumulative Preferred Stock, 7.375% Series G Cumulative Preferred Stock, 7.50% Series H Cumulative Preferred Stock, and 7.50% Series I Cumulative Preferred Stock reflecting accrued and unpaid dividends for the quarters ended June 30, 2020, September 30, 2020, December 31, 2020, March 31, 2021, June 30, 2021, and September 30, 2021. The board of directors also declared cash dividends on the Company's 8.45% Series D Cumulative Preferred Stock, 7.375% Series F Cumulative Preferred Stock, 7.375% Series G Cumulative Preferred Stock, 7.50% Series H Cumulative Preferred Stock, and 7.50% Series I Cumulative Preferred Stock for the quarter ended December 31, 2021. The Company has continued the suspension of its common stock dividend into 2022 in light of the ongoing uncertainty from the COVID-19 pandemic and to protect liquidity.

We cannot predict when hotel operating levels will return to normalized levels after the effects of the pandemic subside, whether our hotels will be forced to shut down operations or whether one or more possible recurrences of COVID-19 case surges could result in further reductions in business and personal travel or potentially cause state and local governments to reinstate travel restrictions. Facts and circumstances could change in the future that are outside of management's control, such as additional government mandates, health official orders, travel restrictions and extended business shutdowns due to COVID-19.

### **Recent Developments**

On January 15, 2021, the Company and Ashford Trust OP entered into the Oaktree Credit Agreement with Oaktree and the Administrative Agent. On October 12, 2021, the Company entered into Amendment No. 1 to the Oaktree Credit Agreement with Oaktree and the Administrative Agent. Amendment No. 1 to the Oaktree Credit Agreement, subject to the conditions set forth therein, among other items: (i) extends the commitment period of the Initial DDTL and Additional DDTL from 30 months to 42 months after the initial closing date of the Credit Agreement, if the Initial Term Loans are repaid in full prior to the expiration of such commitment period (the "DDTL Commitment Period"); (ii) suspends the Company's obligations to comply with certain covenants during the DDTL Commitment Period if no Loans or accrued interest thereon are outstanding; (iii) suspends the Company's obligation to subordinate fees due under the advisory agreement if at any point there is no accrued paid-in-kind interest outstanding or any accrued dividends on any of the Company's preferred stock and the Company has sufficient unrestricted cash to repay in full all outstanding Loans; (iv) permits Oaktree, at any time, elect to receive the exit fee in warrants for the purchase of common stock of the Company equal to 19.9% of all common stock outstanding on the closing date of the Oaktree Credit Agreement subject to certain upward or downward adjustments; and (v) provides that in the event prior to the termination of the Oaktree Credit Agreement, Oaktree elects to receive the exit fee in warrants and any of such warrants are sold at a price per share of common stock in excess of \$40, all obligations owing to Oaktree shall be reduced by an amount equal to 25% of the amount of such excess consideration, subject to certain adjustments. On November 19, 2021, the Company entered into a Limited Waiver to the Oaktree Credit Agreement (the "Limited Waiver") with the guarantors party thereto, Oaktree and the Administrative Agent. Pursuant to the Limited Waiver, Oaktree and the Administrative Agent waived the Company's obligation to comply with the negative covenant set forth in the Oaktree Credit Agreement insofar as such negative covenant prohibits the declaration of any Restricted Payment (as defined in the Credit Agreement) constituting current or accrued dividends on the Company's preferred stock on or before November 30, 2021. As a result of the Limited Waiver, effective November 19, 2021, the Company is permitted to declare current and accrued dividends on the Company's preferred stock so long as such declared dividends are not made or paid until after November 30, 2021, and (i) no PIK Principal is then outstanding, and (ii) the aggregate amount of Unrestricted Cash (as defined in the Oaktree Credit Agreement), after giving effect to such Restricted Payment constituting current and accrued dividends on the Company's preferred stock, is not less than an amount equal to the sum of (x) \$100,000,000 plus (y) the aggregate principal amount of delayed draw term loans advanced prior to the date thereof or contemporaneously therewith.

On November 1, 2021, we refinanced our \$78.6 million mortgage loan, secured by the Marriott Gateway Crystal City in Arlington, Virginia. The new mortgage loan totals \$86.0 million. The initial funding for the loan was \$84.0 million, with the additional \$2.0 million available to fund debt service for the first 30 months of the loan, if needed. The new mortgage loan is interest only and provides for an interest rate of LIBOR + 4.65%. The mortgage loan has a three-year term with two one-year extension options, subject to the satisfaction of certain conditions. The mortgage loan is secured by the Marriott Gateway Crystal City.

In November of 2021, the Company made an initial investment of \$8.5 million in 815 Commerce Managing Member, LLC ("815 Commerce MM"), which is developing the Le Meridien Fort Worth.

On December 9, 2021, the Company made an additional investment in OpenKey of approximately \$250,000.

## RESULTS OF OPERATIONS

### 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. Beginning in 2020, the COVID-19 pandemic had a direct impact on demand.

**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. Beginning in 2020, the COVID-19 pandemic had a direct impact on supply.

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 and Hyatt 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.

The following table summarizes the changes in key line items from our consolidated statements of operations for the years ended December 31, 2021, 2020 and 2019 (in thousands):

	Year Ended December 31,			Favorable (Unfavorable) Change	
	2021	2020	2019	2021 to 2020	2020 to 2019
Total revenue .....	\$ 805,411	\$ 508,238	\$1,502,759	\$ 297,173	\$ (994,521)
Total hotel expenses .....	(576,806)	(434,672)	(952,674)	(142,134)	518,002
Property taxes, insurance and other .....	(67,904)	(79,669)	(84,112)	11,765	4,443
Depreciation and amortization .....	(218,851)	(252,765)	(269,003)	33,914	16,238
Impairment charges .....	—	(91,721)	(33,628)	91,721	(58,093)
Advisory service fee .....	(52,313)	(50,050)	(63,632)	(2,263)	13,582
Corporate, general and administrative .....	(16,153)	(28,048)	(11,107)	11,895	(16,941)
Gain (loss) on disposition of assets and hotel properties .....	1,449	(36,680)	26,126	38,129	(62,806)
Operating income (loss) .....	(125,167)	(465,367)	114,729	340,200	(580,096)
Equity in earnings (loss) of unconsolidated entities .....	(558)	(448)	(2,307)	(110)	1,859
Interest income .....	207	672	3,067	(465)	(2,395)
Other income (expense) .....	760	(16,998)	10,490	17,758	(27,488)
Interest expense and amortization of discounts and loan costs .....	(156,119)	(247,381)	(262,001)	91,262	14,620
Write-off of premiums, loan costs and exit fees .....	(10,612)	(13,867)	(2,841)	3,255	(11,026)
Gain (loss) on extinguishment of debt .....	11,896	90,349	—	(78,453)	90,349
Unrealized gain (loss) on marketable securities .....	—	(1,467)	1,896	1,467	(3,363)
Unrealized gain (loss) on derivatives .....	14,493	19,950	(4,494)	(5,457)	24,444
Income tax benefit (expense) .....	(5,948)	1,335	(1,218)	(7,283)	2,553
Net income (loss) .....	(271,048)	(633,222)	(142,679)	362,174	(490,543)
(Income) loss from consolidated entities attributable to noncontrolling interests .....	73	338	112	(265)	226
Net (income) loss attributable to redeemable noncontrolling interests in operating partnership .....	3,970	89,008	28,932	(85,038)	60,076
Net income (loss) attributable to the Company .....	<u>\$ (267,005)</u>	<u>\$ (543,876)</u>	<u>\$ (113,635)</u>	<u>\$ 276,871</u>	<u>\$ (430,241)</u>

The following table illustrates the key performance indicators of the hotel properties and WorldQuest included in our results of operations:

	Year Ended December 31,	
	2021	2020
RevPAR (revenue per available room) .....	\$ 79.44	\$ 45.87
Occupancy .....	55.62 %	34.31 %
ADR (average daily rate) .....	\$ 142.82	\$ 133.70

The following table illustrates the key performance indicators of the 100 hotel properties and WorldQuest that were included for the full years ended December 31, 2021 and 2020, respectively:

	Year Ended December 31,	
	2021	2020
RevPar .....	\$ 79.61	\$ 46.34
Occupancy .....	55.63 %	34.39 %
ADR .....	\$ 143.09	\$ 134.76

## Comparison of the Year Ended December 31, 2021 and 2020

**Net Income (Loss) Attributable to the Company.** Net loss attributable to the Company decreased \$276.9 million from \$543.9 million for the year ended December 31, 2020 (“2020”) to \$267.0 million for the year ended December 31, 2021 (“2021”) as a result of the factors discussed below.

**Revenue.** Rooms revenue from our hotel properties and WorldQuest increased \$247.6 million, or 60.8%, to \$655.1 million in 2021 compared to 2020. This increase is attributable to higher rooms revenue of \$272.3 million at our comparable hotel properties and WorldQuest as our hotel properties recover from the effects of the COVID-19 pandemic, partially offset by a decrease of \$24.6 million from our Hotel Dispositions. Our comparable hotel properties experienced an increase of 6.2% in room rates and an increase of 2,124 basis points in occupancy.

Food and beverage revenue increased \$33.8 million, or 55.2%, to \$94.9 million in 2021 compared to 2020. This increase is attributable to higher food and beverage revenue of \$34.8 million at our comparable hotel properties and WorldQuest as a result of the COVID-19 pandemic, partially offset by a decrease of \$1.1 million from our Hotel Dispositions.

Other hotel revenue, which consists mainly of Internet access, parking, and spa revenue, increased \$15.3 million, or 40.3%, to \$53.1 million in 2021 compared to 2020. This increase is attributable to higher other revenue of \$17.3 million from our comparable hotel properties and WorldQuest as our hotel properties recover from the effects of the COVID-19 pandemic, partially offset by a decrease of \$2.0 million from our Hotel Dispositions.

**Hotel Operating Expenses.** Hotel operating expenses increased \$142.1 million, or 32.7%, to \$576.8 million in 2021 compared to 2020. Hotel operating expenses consist of direct expenses from departments associated with revenue streams and indirect expenses associated with support departments and management fees. Direct expenses increased \$76.6 million in 2021 compared to 2020, comprised of an increase of \$84.3 million from our comparable hotel properties and WorldQuest as our hotel properties continue to recover from the effects of the COVID-19 pandemic and partially offset by \$7.6 million from our Hotel Dispositions. Direct expenses were 29.9% of total hotel revenue for 2021 and 32.3% for 2020. Indirect expenses and management fees increased \$65.5 million in 2021 compared to 2020, comprised of an increase of \$81.7 million from our comparable hotel properties and WorldQuest as a result of the COVID-19 pandemic and partially offset by \$16.3 million from our Hotel Dispositions.

**Property Taxes, Insurance and Other.** Property taxes, insurance and other expense decreased \$11.8 million or 14.8%, to \$67.9 million in 2021 compared to 2020, which was primarily due to a decrease of \$7.1 million from our Hotel Dispositions and \$4.7 million at our comparable hotel properties.

**Depreciation and Amortization.** Depreciation and amortization decreased \$33.9 million or 13.4%, to \$218.9 million in 2021 compared to 2020, which consisted of lower depreciation of \$20.3 million as a result of our Hotel Dispositions and lower depreciation of \$13.6 million at our comparable hotel properties and WorldQuest.

**Impairment Charges.** Impairment charges were \$0 and \$91.7 million in 2021 and 2020, respectively.

In the first quarter of 2020, we recorded an impairment charge of \$27.6 million that was comprised of \$13.9 million at the Columbus Hampton Inn Easton, \$10.0 million at the Canonsburg Homewood Suites Pittsburgh Southpointe and \$3.7 million at the Phoenix Hampton Inn Airport North as a result of reduced estimated cash flows resulting from the COVID-19 pandemic and changes to the expected holding periods of these hotel properties.

In the second quarter of 2020, we recorded an impairment charge of \$27.6 million. On July 9, 2020, the non-recourse mortgage loan secured by eight hotel properties matured. The lender provided notice of UCC sale, which provided that the respective lender would sell the subsidiaries of the Company that own the respective hotels in a public auction. As a result, as of June 30, 2020, the estimated fair value of each hotel property was compared to its carrying value. The impairment charge was comprised of \$1.7 million at the Columbus Hampton Inn Easton, \$1.8 million at the Canonsburg Homewood Suites Pittsburgh Southpointe, \$9.5 million at the Billerica Courtyard, \$6.1 million at the Wichita Courtyard, \$3.0 million at the Washington Hampton Inn Pittsburgh Meadow Lands, \$3.0 million at the Pittsburgh Hampton Inn Waterfront West Homestead and \$2.4 million at the Stillwater Residence Inn.

In the third quarter of 2020, we recorded an impairment charge of \$29.9 million. In conjunction with the disposition of the W Minneapolis, we engaged a third-party valuation expert to assist in determining the fair value of the hotel property. The impairment charge was \$29.9 million, the difference between the estimated fair value of the property and the net book value.

In the fourth quarter of 2020, we recorded an impairment charge of \$6.6 million as a result of changes to the expected holding period of the Minneapolis Le Meridien.



**Advisory Services Fee.** Advisory services fee increased \$2.3 million, or 4.5%, to \$52.3 million in 2021 compared to 2020. The advisory services fee represents fees incurred in connection with the advisory agreement between Ashford Inc. and the Company. In 2021, the advisory services fee was comprised of a base advisory fee of \$36.2 million, equity-based compensation of \$9.1 million associated with equity grants of our common stock and LTIP units awarded to the officers and employees of Ashford Inc. and reimbursable expenses of \$6.9 million. In 2020, the advisory services fee was comprised of a base advisory fee of \$34.7 million, equity-based compensation of \$8.9 million associated with equity grants of our common stock and LTIP units awarded to the officers and employees of Ashford Inc., which is inclusive of a \$2.3 million credit related to PSU forfeitures, and reimbursable expenses of \$6.4 million.

**Corporate, General and Administrative.** Corporate, general and administrative expense decreased \$11.9 million, or 42.4%, to \$16.2 million in 2021 compared to 2020. The decrease was primarily attributable to lower legal and professional fees of \$9.1 million, lower reimbursed operating expenses of Ashford Securities paid by the Company of \$2.0 million, lower investment management expenses of \$995,000, lower stock-based compensation of \$505,000, partially offset by higher public company costs of \$383,000 and higher miscellaneous expenses of \$256,000.

**Gain (Loss) on Disposition of Assets and Hotel Properties.** Gain (loss) on disposition of assets and hotel properties changed \$38.1 million, from a loss of \$36.7 million in 2020 to a gain of \$1.4 million in 2021. The loss in 2020 was comprised of a \$40.4 million loss related to the sale of the Embassy Suites New York Manhattan Times Square, partially offset by a gain of \$3.7 million related to the sale of the Annapolis Crowne Plaza. The gain in 2021 was primarily related to a franchise fee reimbursement of \$327,000 related to the disposition of the Embassy Suites New York Manhattan Times Square, a gain of \$1.0 million related to a payment to remove a deed restriction related to the prior disposition of a building and a gain related to the sale of five WorldQuest condominiums.

**Equity in Earnings (Loss) of Unconsolidated Entities.** Equity in loss of unconsolidated entities was \$558,000 in 2021, which consists of our share of loss from OpenKey of \$540,000 and 815 Commerce MM of \$18,000. Equity in loss of unconsolidated entities was \$448,000 in 2020, which consists of our share of loss from OpenKey.

**Interest Income.** Interest income was \$207,000 and \$672,000 in 2021 and 2020, respectively.

**Other Income (Expense).** Other income (expense) changed \$17.8 million from expense of \$17.0 million in 2020 to income of \$760,000 in 2021. In 2021 we recorded miscellaneous income of \$760,000. In 2020, we recorded a realized loss of \$9.6 million related to the terminated CMBX positions, a realized loss of \$9.5 million on interest rate floors and expense of \$811,000 from CMBX premiums and interest paid on collateral. These expenses were partially offset by a realized gain of \$2.3 million on sale of marketable securities, other income of \$585,000 and dividend income of \$31,000.

**Interest Expense and Amortization of Discounts and Loan Costs.** Interest expense and amortization of discounts and loan costs decreased \$91.3 million, or 36.9%, to \$156.1 million in 2021 compared to 2020. The decrease is primarily due to a decrease of \$12.9 million from our Hotel Dispositions, a decrease of \$21.5 million at our comparable hotel properties primarily due to lower LIBOR rates, lower default interest and late charges on mortgage loans previously in default of \$63.2 million and a credit to interest expense in 2021 of \$35.7 million related to the amortization credit of default interest and late charges recorded on mortgage loans previously in default. These decreases were partially offset by an increase of \$42.1 million attributable to the Oaktree term loan. The average LIBOR rates in 2021 and 2020 were 0.10% and 0.52%, respectively.

**Write-off of Premiums, Loan Costs and Exit Fees.** Write-off of premiums, loan costs and exit fees decreased \$3.3 million to \$10.6 million in 2021 compared to 2020. In 2021, we recognized Lismore fees of \$5.6 million that reflects the amortization over the service period of the Lismore Agreement (see note 16 to our consolidated financial statements) and \$80,000 related to third-party fees, totaling \$5.7 million. Additionally, we wrote off \$4.0 million of debt discount related to the payment of the PIK interest on the Oaktree financing and unamortized loan costs in the amount of \$839,000. In 2020, we executed several amendments with various lenders, which included deferral of debt service payments and allowed the use of reserves for property-level operating shortfalls and/or to cover debt service payments. Third-party and Lismore fees incurred in conjunction with these amendments were \$1.8 million and \$12.1 million, respectively, totaling \$13.8 million. We also wrote-off unamortized loan costs of \$47,000 and incurred other costs of \$48,000 as a result of a loan refinance.

**Gain (loss) on extinguishment of debt.** Gain on extinguishment of debt was \$11.9 million in 2021, which primarily related to the foreclosure of the SpringHill Suites Durham and SpringHill Suites Charlotte in the amount of \$10.6 million and a gain of \$1.4 million related to the write off of capitalized default interest that was being amortized as a credit to interest expense related to the refinance of the Hilton Boston Back Bay loan.

In 2020, we recorded a gain on extinguishment of debt of \$90.3 million. The gain was comprised of (i) \$65.2 million on our \$144.2 million mortgage loan secured by the Columbus Hampton Inn Easton, Canonsburg Homewood Suites Pittsburgh

Southpointe, Billerica Courtyard, Wichita Courtyard, Washington Hampton Inn Pittsburgh Meadow Lands, Pittsburgh Hampton Inn Waterfront West Homestead, Stillwater Residence Inn, and the Phoenix Hampton Inn Airport North; (ii) \$4.3 million on our \$145.0 million mortgage loan secured by the Embassy Suites New York Manhattan Times Square; (iii) \$1.1 million on our \$51.6 million mortgage loan secured by the W Minneapolis; and (iv) \$19.7 million on our \$64.0 million mortgage loan secured by the Courtyard Louisville, Courtyard Ft. Lauderdale and the Residence Inn Lake Buena Vista.

***Unrealized Gain (Loss) on Marketable Securities.*** Unrealized gain (loss) on marketable securities was \$0 and \$(1.5) million in 2021 and 2020, respectively, which was based on changes in closing market prices during the period. All marketable securities were sold in 2020.

***Unrealized Gain (Loss) on Derivatives.*** Unrealized gain on derivatives decreased \$5.5 million from \$20.0 million in 2020 to \$14.5 million in 2021. In 2021, we recorded an unrealized gain of \$15.8 million from the revaluation of the embedded debt derivative in the Oaktree Agreement, partially offset by unrealized losses of \$624,000 from interest rate floors and \$657,000 from interest rate caps. In 2020, we recognized an unrealized gain of \$10.0 million on CMBX tranches of which \$9.6 million is associated with the recognition of realized losses, \$10.1 million from interest rate floors of which \$9.5 million is associated with the recognition of realized losses from the expiration of interest rate floors, partially offset by an unrealized loss of \$130,000 associated with interest rate caps.

***Income Tax (Expense) Benefit.*** Income tax (expense) benefit changed \$7.3 million, from an income tax benefit of \$1.3 million in 2020 to income tax expense of \$5.9 million in 2021. This change was primarily due to an increase in the profitability of our TRS entities in 2021 compared to 2020.

***(Income) Loss from Consolidated Entities Attributable to Noncontrolling Interests.*** Our noncontrolling interest partner in consolidated entities were allocated losses of \$73,000 and \$338,000 in 2021 and 2020, respectively.

***Net (Income) Loss Attributable to Redeemable Noncontrolling Interests in Operating Partnership.*** Noncontrolling interests in operating partnership were allocated net losses of \$4.0 million and \$89.0 million in 2021 and 2020, respectively. Redeemable noncontrolling interests represented ownership interests of 0.63% and 8.51% in the operating partnership at December 31, 2021 and 2020, respectively.

## Reverse Stock Splits

In June 2020, our board of directors approved a reverse stock split of our issued and outstanding common stock at a ratio of 1-for-10. This reverse stock split converted every ten issued and outstanding shares of common stock into one share of common stock. The reverse stock split was effective as of the close of business on July 15, 2020. As a result of the reverse stock split, the number of outstanding shares of common stock was reduced from approximately 104.8 million shares to approximately 10.5 million shares on that date. Additionally, the number of outstanding common units, Long-Term Incentive Plan ("LTIP") units and Performance LTIP units was reduced from approximately 20.5 million units to approximately 2.1 million units on that date. All common stock, common units, LTIP units, Performance LTIP units, performance stock units and restricted stock as well as per share data related to these classes of equity have been revised in the accompanying consolidated financial statements to reflect this reverse stock split for all periods presented.

On June 28, 2021, our board of directors approved a reverse stock split of our issued and outstanding common stock at a ratio of 1-for-10. This reverse stock split converted every ten issued and outstanding shares of common stock into one share of common stock. The reverse stock split was effective as of the close of business on July 16, 2021. As a result of the reverse stock split, the number of outstanding shares of common stock was reduced from approximately 265.1 million shares to approximately 26.5 million shares on that date. Additionally, the number of outstanding common units, Long-Term Incentive Plan ("LTIP") units and Performance LTIP units was reduced from approximately 4.0 million units to approximately 402,000 units on that date. All common stock, common units, LTIP units, Performance LTIP units, performance stock units and restricted stock as well as per share data related to these classes of equity have been revised in the accompanying consolidated financial statements to reflect this reverse stock split for all periods presented.

The following sets forth selected data revised for the effects of the 1-for-10 reverse stock splits:

Year Ended December 31,				
2021	2020	2019	2018	2017
(in thousands, except per share amounts)				

### Statements of Operations Data:

Diluted income (loss) per common share:

Net income (loss) attributable to common stockholders....	\$ (12.43)	\$ (329.97) <sup>(1)</sup>	\$ (157.74) <sup>(1)</sup>	\$ (175.20) <sup>(1)</sup>	\$ (130.16) <sup>(1)</sup>
Weighted average diluted common shares .....	21,844	1,576 <sup>(1)</sup>	998 <sup>(1)</sup>	973 <sup>(1)</sup>	952 <sup>(1)</sup>

### Other Data:

Cash dividends declared per common share.....	\$ —	\$ —	\$ 30.00 <sup>(1)</sup>	\$ 48.00 <sup>(1)</sup>	\$ 48.00 <sup>(1)</sup>
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<sup>(1)</sup> Amounts revised for the effects of the 1-for-10 reverse stock splits.

## **LIQUIDITY AND CAPITAL RESOURCES**

### **Liquidity**

In December 2019, COVID-19 was identified in Wuhan, China, subsequently spread to other regions of the world, and resulted in significant travel restrictions and extended shutdown of numerous businesses throughout the United States. In March 2020, the World Health Organization declared COVID-19 to be a global pandemic. Beginning in late February 2020, we experienced a significant decline in occupancy and RevPAR and we expect the occupancy and RevPAR declines associated with COVID-19 to continue. The prolonged presence of the virus resulted in health and other government authorities imposing widespread restrictions on travel and other businesses.

On January 15, 2021, the Company entered into the Credit Agreement with Oaktree comprised of (a) initial term loans in an aggregate principal amount of \$200 million, (b) Initial DDTL in an aggregate principal amount of up to \$150 million and (c) Additional DDTL in an aggregate principal amount of up to \$100 million. On October 12, 2021, the Company and Ashford Trust OP entered into Amendment No. 1 to the Oaktree Credit Agreement (Original Credit Agreement, as amended thereby, the "Credit Agreement"). See note 7 to our consolidated financial statements.

As of December 31, 2021, the Company held cash and cash equivalents of \$592.1 million and restricted cash of \$99.5 million. The vast majority of the restricted cash comprises lender and manager held reserves. During 2020, the Company worked with its property managers and lenders in order to utilize lender and manager held reserves to fund operating shortfalls. The Company continues to have discussions with one of its lenders about a potential loan modification on its property level

debt. At December 31, 2021, there was also \$26.9 million due to the Company from third-party hotel managers, which is primarily the Company's cash held by one of its property managers which is also available to fund hotel operating costs.

On November 23, 2021, the Company announced that its board of directors declared cash dividends on the Company's 8.45% Series D Cumulative Preferred Stock, 7.375% Series F Cumulative Preferred Stock, 7.375% Series G Cumulative Preferred Stock, 7.50% Series H Cumulative Preferred Stock, and 7.50% Series I Cumulative Preferred Stock reflecting accrued and unpaid dividends for the quarters ending June 30, 2020, September 30, 2020, December 31, 2020, March 31, 2021, June 30, 2021, and September 30, 2021. The board of directors also declared cash dividends on the Company's 8.45% Series D Cumulative Preferred Stock, 7.375% Series F Cumulative Preferred Stock, 7.375% Series G Cumulative Preferred Stock, 7.50% Series H Cumulative Preferred Stock, and 7.50% Series I Cumulative Preferred Stock for the quarter ended December 31, 2021. The Company has continued the suspension of its common stock dividend into 2022 in light of the ongoing uncertainty from the COVID-19 pandemic and to protect liquidity.

We cannot predict when hotel operating levels will return to normalized levels after the effects of the pandemic subside, whether our hotels will be forced to shut down operations or whether one or more possible recurrences of COVID-19 case surges could result in further reductions in business and personal travel or potentially cause state and local governments to reinstate travel restrictions. Facts and circumstances could change in the future that are outside of management's control, such as additional government mandates, health official orders, travel restrictions and extended business shutdowns due to COVID-19.

Based on our current level of operations, our cash flow from operations and our existing cash balances should be adequate to meet upcoming anticipated requirements for interest and principal payments on debt (excluding any potential final maturity payments), 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. With respect to upcoming maturities, no assurances can be given that we will be able to refinance our upcoming maturities. Additionally, no assurances can be given that we will obtain additional financings or, if we do, what the amount and terms will be. Our failure to obtain future financing under favorable terms could adversely impact our ability to execute our business strategy or may result in lender foreclosure.

Our cash position from operations is affected primarily by macro industry movements in occupancy and rate as well as our ability to control costs. Further, interest rates can greatly affect the cost of our debt service as well as the value of any financial hedges we may put in place. We monitor industry fundamentals and interest rates very closely. Capital expenditures above our reserves will affect cash flow as well.

Certain of our loan agreements contain cash trap provisions that may be triggered if the performance of our hotels decline below a threshold. 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. During a cash trap, certain disbursements from these hotel operating cash receipts, primarily other corporate general and administrative expenditures, would require consent of our lenders. These cash trap provisions have been triggered on nearly all of our mortgage loans containing cash trap provisions. As of December 31, 2021, 93% of our hotels were in cash traps and approximately \$4.9 million of our restricted cash was subject to these cash traps. Our loans may remain subject to 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.

We have extension options relating to certain property level loans that will permit us to extend the maturity date of our loans if certain conditions are satisfied at the respective extension dates, including the achievement of debt yield targets required in order to extend such loans. To the extent we decide to extend the maturity date of the debt outstanding under the loans, we may be required to prepay a significant amount of the loans in order to meet the required debt yield targets. There can be no assurances that we will be able to meet the conditions for extensions pursuant to the respective terms of such loans.

We are required to maintain certain financial ratios under various debt and related agreements. If we violate covenants in any debt or related 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 Ashford Trust or Ashford Trust OP, our operating partnership, and the liabilities of such subsidiaries do not constitute the obligations of Ashford Trust or Ashford Trust OP. As of February 24, 2022, the Company is not expecting to be required to repay all or a portion of our indebtedness before maturity.

Mortgage and mezzanine loans are nonrecourse to the borrowers, except for customary exceptions or carve-outs that trigger recourse liability to the borrowers in certain limited instances. Recourse obligations typically include only the payment of costs and liabilities suffered by lenders as a result of the occurrence of certain bad acts on the part of the borrower. However, in

certain cases, carve-outs could trigger recourse obligations on the part of the borrower with respect to repayment of all or a portion of the outstanding principal amount of the loans. We have entered into customary guaranty agreements pursuant to which we guaranty payment of any recourse liabilities of the borrowers that result from non-recourse carve-outs (which include, but are not limited to, fraud, misrepresentation, willful conduct resulting in waste, misappropriations of rents following an event of default, voluntary bankruptcy filings, unpermitted transfers of collateral, and certain environmental liabilities). In the opinion of management, none of these guaranty agreements, either individually or in the aggregate, are likely to have a material adverse effect on our business, results of operations, or financial condition.

We have entered into certain customary guaranty agreements pursuant to which we guaranty payment of any recourse liabilities of our subsidiaries or joint ventures that may result from non-recourse carve-outs, which include, but are not limited to, fraud, misrepresentation, willful misconduct resulting in waste, misappropriations of rents following an event of default, voluntary bankruptcy filings, unpermitted transfers of collateral, delinquency of trade payables and certain environmental liabilities. Certain of these guarantees represent a guaranty of material amounts, and if we are required to make payments under those guarantees, our liquidity could be adversely affected.

We are committed to an investment strategy where we will pursue hotel-related investments as suitable situations arise. Funds for future hotel-related investments are expected to be derived, in whole or in part, from cash on hand, future borrowings under a credit facility or other loans, or proceeds from additional issuances of common stock, preferred stock, or other securities, asset sales, and joint ventures. However, we have no formal commitment or understanding to invest in additional assets, and there can be no assurance that we will successfully make additional investments. We may, when conditions are suitable, consider additional capital raising opportunities.

Our existing hotel properties are mostly located in developed areas with competing hotel properties. Future occupancy, ADR, and RevPAR of any individual hotel could be materially and adversely affected by an increase in the number or quality of competitive hotel properties, home sharing companies or apartment operators offering short-term rentals in its market area. Competition could also affect the quality and quantity of future investment opportunities.

Our estimated future obligations as of December 31, 2021 include both current and long-term obligations. With respect to our indebtedness, as discussed in note 7 to our consolidated financial statements, we have current obligations of \$3.3 billion and long-term obligations of \$628.6 million. As of December 31, 2021, we held extension options for all our mortgage loans due in the next twelve months. We have amortization payments of approximately \$6.7 million due in the next twelve months.

As discussed in note 18 to our consolidated financial statements, under our operating leases we have current obligations of \$2.9 million and long-term obligations of \$190.1 million. Additionally, we have short-term capital commitments of \$38.9 million.

## **Debt Transactions**

On January 15, 2021, the Company entered into the Oaktree Credit Agreement (as amended) with Oaktree and the Administrative Agent. The Oaktree Credit Agreement provides that, subject to the conditions set forth therein, Oaktree will make available to the borrower a senior secured term loan facility comprised of (a) initial term loans (the “Initial Term Loan”) in an aggregate principal amount of \$200 million, (b) initial delayed draw term loans in an aggregate principal amount of up to \$150 million (the “Initial DDTL”) and (c) additional delayed draw term loans in an aggregate principal amount of up to \$100 million (the “Additional DDTL,” and together with the Initial Term Loan and the Initial DDTL, collectively, the “Loans”), in each case to fund general corporate operations of the Company and its subsidiaries.

The Loans under the Oaktree Credit Agreement will bear interest (a) with respect to the Initial Term Loan and the Initial DDTL, at an annual rate equal to 16% for the first two years, reducing to 14% thereafter and (b) with respect to the Additional DDTL, at an annual rate equal to 18.5% for the first two years, reducing to 16.5% thereafter. Interest payments on the Loans will be due and payable in arrears on the last business day of March, June, September and December of each calendar year and the maturity date. For the first two years following the closing of the Oaktree Credit Agreement, the borrower will have the option to pay accrued interest “in kind” by adding such amount of accrued interest to the outstanding principal balance of the Loans (such interest, “PIK Interest”). The initial maturity date of the Oaktree Credit Agreement (the “Maturity Date”) shall be three years, with two optional one-year extensions subject to satisfaction of certain terms and conditions. The Lenders shall, subject to certain terms, have the ability to make protective advances to the borrower pursuant to the terms of the Oaktree Credit Agreement to cure defaults with respect to mortgage and mezzanine-level indebtedness of subsidiaries of the borrower having principal balances in excess of \$400 million.

On February 9, 2021, the Company executed an agreement regarding existing defaults and extension options for the MS 17 Pool loan pursuant to which (a) the Company paid to the lender all current and past due debt service and tax reserve

contributions, and (b) the lender suspended all FF&E reserve contributions (for the furniture, fixtures and equipment reserve accounts generally reserved to finance capital improvements to the property) through December 2021. Additionally, the modification agreement lowers the debt yield extension test for the fifth extension option from 10.38% to 8.0%. Finally, the forbearance agreement provides that the second extension option is deemed exercised as of November 9, 2020.

In February 2021, the Company was informed by its lender that it had initiated foreclosure proceedings for the foreclosure of the SpringHill Suites Durham and SpringHill Suites Charlotte, which secured the Company's \$19.4 million mortgage loan. The foreclosure proceedings were completed on April 29, 2021.

On August 25, 2021, we refinanced our \$97.0 million mortgage loan, secured by the Hilton Boston Back Bay in Boston, Massachusetts. The new mortgage loan totals \$98.0 million and provides for an interest rate of LIBOR + 3.80%. The mortgage loan has a four-year term with a one-year extension option, subject to the satisfaction of certain conditions. The mortgage loan is secured by the Hilton Boston Back Bay.

On October 12, 2021, the Company entered into Amendment No. 1. to the Oaktree Credit Agreement with Oaktree and the Administrative Agent. Amendment No. 1 to the Oaktree Credit Agreement, subject to the conditions set forth therein, among other items: (i) extends the commitment period of the Initial DDTL and Additional DDTL from 30 months to 42 months after the initial closing date of the Oaktree Credit Agreement, if the Initial Term Loans are repaid in full prior to the expiration of such commitment period (the "DDTL Commitment Period"); (ii) suspends the Company's obligations to comply with certain covenants during the DDTL Commitment Period if no Loans or accrued interest thereon are outstanding; (iii) suspends the Company's obligation to subordinate fees due under the advisory agreement if at any point there is no accrued paid-in-kind interest outstanding or any accrued dividends on any of the Company's preferred stock and the Company has sufficient unrestricted cash to repay in full all outstanding Loans; (iv) permits Oaktree to, at any time, elect to receive the exit fee in warrants for the purchase of common stock of the Company equal to 19.9% of all common stock outstanding on the closing date of the Oaktree Credit Agreement subject to certain upward or downward adjustments; and (v) provides that in the event prior to the termination of the Oaktree Credit Agreement, Oaktree elects to receive the exit fee in warrants and any of such warrants are sold at a price per share of common stock in excess of \$40, all obligations owing to Oaktree shall be reduced by an amount equal to 25% of the amount of such excess consideration, subject to certain adjustments. On November 19, 2021, the Company entered into a Limited Waiver to the Oaktree Credit Agreement (the "Limited Waiver") with the guarantors party thereto, Oaktree and the Administrative Agent. Pursuant to the Limited Waiver, Oaktree and the Administrative Agent waived the Company's obligation to comply with the negative covenant set forth in the Oaktree Credit Agreement insofar as such negative covenant prohibits the declaration of any Restricted Payment (as defined in the Credit Agreement) constituting current or accrued dividends on the Company's preferred stock on or before November 30, 2021. As a result of the Limited Waiver, effective November 19, 2021, the Company is permitted to declare current and accrued dividends on the Company's preferred stock so long as such declared dividends are not made or paid until after November 30, 2021, and (i) no PIK Principal is then outstanding, and (ii) the aggregate amount of Unrestricted Cash (as defined in the Oaktree Credit Agreement), after giving effect to such Restricted Payment constituting current and accrued dividends on the Company's preferred stock, is not less than an amount equal to the sum of (x) \$100,000,000 plus (y) the aggregate principal amount of delayed draw term loans advanced prior to the date thereof or contemporaneously therewith.

On November 1, 2021, we refinanced our \$78.6 million mortgage loan, secured by the Marriott Gateway Crystal City in Arlington, Virginia. The new mortgage loan totals \$86.0 million. The initial funding for the loan was \$84.0 million, with the additional \$2.0 million available to fund debt service for the first 30 months of the loan, if needed. The new mortgage loan is interest only and provides for an interest rate of LIBOR + 4.65%. The mortgage loan has a three-year term with two one-year extension options, subject to the satisfaction of certain conditions. The mortgage loan is secured by the Marriott Gateway Crystal City.

On November 23, 2021, we repaid \$23.4 million of principal associated with paid-in-kind interest that had been capitalized into the principal balance of the term loan associated with the Oaktree Credit Agreement.

## **Equity Transactions**

On December 5, 2017, the board of directors reapproved a stock repurchase program (the "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 \$200 million. The board of directors' authorization replaced any previous repurchase authorizations. No shares were repurchased during the years ended December 31, 2021, 2020 and 2019 pursuant to the Repurchase Program.

From January 1, 2021 through February 24, 2022, the Company entered into privately negotiated exchange agreements with certain holders of its 8.45% Series D Cumulative Preferred Stock, par value \$0.01 per share, 7.375% Series F Cumulative

Preferred Stock, par value \$0.01 per share, 7.375% Series G Cumulative Preferred Stock, par value \$0.01 per share, 7.50% Series H Cumulative Preferred Stock, par value \$0.01 per share and 7.50% Series I Cumulative Preferred Stock, par value \$0.01 per share in reliance on Section 3(a)(9) of the Securities Act. Prior to the reverse stock split, during the period from January 1, 2021 through July 15, 2021, the Company exchanged a total of 59.7 million shares of its common stock for an aggregate of 7.7 million shares of preferred stock. After the reverse stock split the shares of common stock were adjusted to approximately 6.0 million. During the period from July 16, 2021 through February 24, 2022, the Company exchanged a total of approximately 1.8 million shares of its common stock for an aggregate of approximately 978,000 shares of preferred stock.

On December 7, 2020, the Company and Lincoln Park Capital Fund, LLC (“Lincoln Park”), entered into a purchase agreement (the “First Lincoln Park Purchase Agreement”). Upon entering into the First Lincoln Park Purchase Agreement, the Company issued 19,084 shares of common stock as consideration for Lincoln Park’s execution and delivery of the First Lincoln Park Purchase Agreement. Under the First Lincoln Park Purchase Agreement, the Company issued approximately 1.0 million shares of common stock for gross proceeds of approximately \$25.1 million for the year ended December 31, 2021. As of December 31, 2021, all shares available under the First Lincoln Park Purchase Agreement were sold.

On January 22, 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 1.4 million shares of the Company’s common stock at the Company’s request any time during the commitment period. The Company has issued approximately 1.4 million shares of common stock for gross proceeds of approximately \$40.6 million under the SEDA. As of December 31, 2021, all shares available under the SEDA were sold.

On March 12, 2021, the Company and Lincoln Park entered into a Second Lincoln Park Purchase Agreement (the “Second Lincoln Park Purchase Agreement”), which provided that subject to the terms and conditions set forth therein, the Company may issue or sell to Lincoln Park up to approximately 2.1 million shares of the Company’s common stock, from time to time during the term of the Second Lincoln Park Purchase Agreement. Upon entering into the Second Lincoln Park Purchase Agreement, the Company issued 16,266 shares of common stock as consideration for Lincoln Park’s execution and delivery of the Purchase Agreement. The Company has issued approximately 2.0 million shares of common stock for gross proceeds of approximately \$43.4 million under the Second Lincoln Park Purchase Agreement. As of December 31, 2021, all shares available under the Second Lincoln Park Purchase Agreement were sold.

On May 17, 2021, the Company and Keystone Capital Partners, LLC (“Keystone”) entered into a common stock purchase agreement (the “Keystone Purchase Agreement”), which provides that subject to the terms and conditions set forth therein, the Company may sell to Keystone up to approximately 3.1 million shares of the Company’s common stock, from time to time during the term of the Keystone Purchase Agreement. Upon entering into the Keystone Purchase Agreement, the Company issued 40,323 shares of common stock as consideration for Keystone’s execution and delivery of the Keystone Purchase Agreement. The Company issued approximately 3.1 million shares of common stock for gross proceeds of approximately \$148.0 million. As of December 31, 2021, all shares available under the Keystone Purchase Agreement were sold.

On June 7, 2021, the Company entered into a second Standby Equity Distribution Agreement (the “Second YA SEDA”) with YA, pursuant to which the Company will be able to sell up to approximately 3.8 million shares of its common stock from time to time during the term of the Second YA SEDA. As of February 24, 2022, the Company has issued approximately 3.8 million shares of common stock for gross proceeds of approximately \$165.4 million under the Second YA SEDA. As of December 31, 2021, all shares available under the Second YA SEDA were sold.

On June 18, 2021, the Company and Seven Knots, LLC (“Seven Knots”) entered into a purchase agreement (the “Seven Knots Purchase Agreement”), which provides that subject to the terms and conditions set forth therein, the Company may sell to Seven Knots up to approximately 4.0 million shares of common stock of the Company, from time to time during the term of the Seven Knots Purchase Agreement. As of February 24, 2022, the Company has issued approximately 4.0 million shares of common stock for gross proceeds of approximately \$81.3 million under the Seven Knots Purchase Agreement. As of December 31, 2021, all shares available under the Seven Knots Purchase Agreement were sold.

On July 2, 2021, the Company and B. Riley Principal Capital, LLC (“B. Riley”) entered into a purchase agreement (the “B. Riley Purchase Agreement”), which provides that subject to the terms and conditions set forth therein, the Company may sell to B. Riley up to approximately 4.6 million shares of common stock, from time to time during the term of the B. Riley Purchase Agreement. As of February 24, 2022, the Company has issued approximately 4.6 million shares of common stock for gross proceeds of approximately \$68.0 million under the B. Riley Purchase Agreement. As of December 31, 2021, all shares available under the B. Riley Purchase Agreement were sold.

On September 9, 2021, the Company and M3A LP (“M3A”) entered into a purchase agreement (the “M3A Purchase Agreement”), which provides that subject to the terms and conditions set forth therein, the Company may sell to M3A up to

approximately 6.0 million shares of common stock, from time to time during the term of the M3A Purchase Agreement. As of February 24, 2022, the Company has issued approximately 900,000 shares of common stock for gross proceeds of approximately \$12.9 million under the M3A Purchase Agreement.

## **Sources and Uses of Cash**

Our principal sources of funds to meet our cash requirements include cash on hand, cash flow from operations, capital market activities, property refinancing proceeds and asset sales. Additionally, our principal uses of funds are expected to include possible operating shortfalls, owner-funded capital expenditures, dividends, new investments, and debt interest and principal payments. Items that impacted our cash flow and liquidity during the periods indicated are summarized as follows:

***Net Cash Flows Provided by (Used in) Operating Activities.*** Net cash flows provided by (used in) operating activities, pursuant to our consolidated statements of cash flows, which includes changes in balance sheet items, were \$(144.2) million and \$(149.5) million for the years ended December 31, 2021 and 2020, respectively. Cash flows used in operations were impacted by the COVID-19 pandemic, changes in hotel operations, our hotel dispositions in 2020 and 2021 as well as the timing of 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, 2021, net cash flows used in investing activities were \$34.0 million. Cash outflows consisted of \$36.7 million for capital improvements made to various hotel properties and \$9.0 million of investments in unconsolidated entities partially offset by cash inflows of \$9.0 million from proceeds received primarily from the sale of the Le Meridien Minneapolis and \$2.8 million of proceeds from property insurance.

For the year ended December 31, 2020, net cash flows used in investing activities were \$7.6 million. Cash outflows primarily consisted of \$46.2 million for capital improvements made to various hotel properties, \$1.1 million for the acquisition of meeting space adjacent to the Nashville Renaissance and a \$430,000 investment in OpenKey. Cash outflows were partially offset by \$38.8 million from proceeds received from the sale of the Crowne Plaza Annapolis and Embassy Suites New York Manhattan Times Square and \$1.4 million of proceeds from property insurance.

***Net Cash Flows Provided by (Used in) Financing Activities.*** For the year ended December 31, 2021, net cash flows provided by financing activities were \$702.6 million. Cash inflows consisted of \$377.5 million from borrowings on indebtedness, net of commitment fee and \$562.8 million of net proceeds from issuances of common stock, partially offset by cash outflows of \$189.6 million for repayments of indebtedness, \$27.8 million for payments of loan costs and exit fees, \$18.6 million of payments for preferred dividends, \$1.5 million of payments for derivatives and \$200,000 for the acquisition of the remaining 15% noncontrolling interest in consolidated entities.

For the year ended December 31, 2020, net cash flows used in financing activities were \$73.8 million. Cash outflows primarily consisting of \$137.8 million for repayments of indebtedness, \$28.6 million for dividend payments to common and preferred stockholders and unitholders and \$26.7 million for payments of loan costs and exit fees, partially offset by cash inflows of \$88.0 million from borrowings on indebtedness and \$31.9 million of proceeds from sales of common stock.

***Dividend Policy.*** Distributions are authorized by our board of directors and declared by us based upon a variety of factors deemed relevant by our directors. The board of directors will continue to review our distribution policy on at least a quarterly basis. Our ability to pay distributions to our preferred or common stockholders will depend, in part, upon our receipt of distributions from our operating partnership. This, in turn, may depend upon receipt of lease payments with respect to our properties from indirect subsidiaries of our operating partnership, the management of our properties by our hotel managers and general business conditions (including the impact of the COVID-19 pandemic). Distributions to our stockholders are generally taxable to our stockholders as ordinary income. However, since a portion of our investments are equity ownership interests in hotels, which result in depreciation and non-cash charges against our income, a portion of our distributions may constitute a non-taxable return of capital, to the extent of a stockholder's tax basis in the stock. To the extent that it is consistent with maintaining our REIT status, we may maintain accumulated earnings of Ashford TRS in that entity.

On December 7, 2021, our board of directors reviewed and approved our 2022 dividend policy. We do not anticipate paying any dividends on our outstanding common stock for any quarter during 2022 and expect to pay dividends on our outstanding Preferred Stock during 2022. Our board of directors will continue to review our dividend policy and make future announcements with respect thereto. We may incur indebtedness to meet distribution requirements imposed on REITs under the Code to the extent that working capital and cash flow from our investments are insufficient to fund required distributions.



We may incur indebtedness to meet distribution requirements imposed on REITs under the Code to the extent that working capital and cash flow from our investments are insufficient to fund required distributions. We may pay dividends in excess of our cash flow.

## INFLATION

We rely entirely on the performance of our hotel properties and the ability of the hotel properties' managers to increase revenues to keep pace with inflation. Hotel operators can generally increase room rates, 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, labor costs and utilities are subject to inflation as well.

## 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 the COVID-19 pandemic and government-issued travel restrictions in response, 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 stock to fund required distributions. However, we cannot make any assurances that we will make distributions in the future.

## CRITICAL ACCOUNTING POLICIES

Our significant 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, and complex judgments.

**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 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. We recorded impairment charges of \$0, \$91.7 million and \$33.6 million for the years ended December 31, 2021, 2020 and 2019, respectively. See note 5 to our consolidated financial statements.

**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 taxable REIT subsidiaries. However, Ashford TRS is treated as a TRS for U.S. federal income tax purposes. In accordance with authoritative accounting guidance, we account for income taxes related to Ashford TRS 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 19 to our consolidated financial statements.

At December 31, 2021 and 2020, we recorded a valuation allowance of \$38.8 million and \$40.0 million, respectively on the net deferred tax assets of our taxable REIT subsidiaries. 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. At December 31, 2021, we had TRS net operating loss carryforwards for U.S. federal income tax purposes of \$119.9 million, of which \$10.1 million is subject to expiration and will begin to expire in 2022. The remainder was generated after December 31, 2017 and is not subject to expiration under the Tax Cuts and Jobs Act. The loss carryforwards subject to expiration may be available to offset future taxable income, if any, in 2022 through 2027, with the remainder available to offset taxable income beyond 2027. The net operating loss carryforwards are subject to substantial limitation on

their use. Management determined that it is more likely than not that as of December 31, 2021, \$38.8 million of our net deferred tax assets will not be realized, and a valuation allowance has been recorded accordingly. At December 31, 2021, Ashford Hospitality Trust, Inc., our REIT, had net operating loss carryforwards for U.S. federal income tax purposes of \$885.2 million based on the latest filed tax returns. Of that amount, \$426.1 million will begin to expire in 2023 and is available to offset future taxable income, if any, through 2036. The remainder was generated after December 31, 2017 and is not subject to expiration under the Tax Cuts and Jobs Act. The net operating loss carryforwards are subject to substantial limitation on their use.

The “Income Taxes” topic of the Financial Accounting Standards Board’s (“FASB”) Accounting Standards Codification 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 2017 through 2021 remain subject to potential examination by certain federal and state taxing authorities.

## **RECENTLY ADOPTED ACCOUNTING STANDARDS**

In January 2020, the FASB issued Accounting Standards Updates (“ASU”) 2020-01, Investments - Equity Securities (Topic 321), Investments-Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815) - Clarifying the Interactions between Topic 321, Topic 323, and Topic 815 (a consensus of the Emerging Issues Task Force) (“ASU 2020-01”), which clarifies the interaction between the accounting for equity securities, equity method investments, and certain derivative instruments. The ASU, among other things, clarifies that a company should consider observable transactions that require a company to either apply or discontinue the equity method of accounting under Topic 323, Investments-Equity Method and Joint Ventures, for the purposes of applying the measurement alternative in accordance with Topic 321 immediately before applying or upon discontinuing the equity method. ASU 2020-01 is effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years and should be applied prospectively. We adopted the standard effective January 1, 2021, and the adoption of this standard did not have a material impact on our consolidated financial statements.

## **RECENTLY ISSUED ACCOUNTING STANDARDS**

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848) (“ASU 2020-04”). ASU 2020-04 contains practical expedients for reference rate reform-related activities that impact debt, leases, derivatives and other contracts. The guidance in ASU 2020-04 is optional and may be elected over time as reference rate reform activities occur. The Company continues to evaluate the impact of the guidance and may apply the elections as applicable as changes in the market occur.

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 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. We plan to adopt ASU 2020-06 effective January 1, 2022, and do not expect the adoption to have a material impact on our consolidated financial statements and related disclosures.

## **NON-GAAP FINANCIAL MEASURES**

The following non-GAAP presentations of EBITDA, EBITDAre, Adjusted EBITDAre, Funds From Operations (“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 discounts and loan costs, net, income taxes, depreciation and amortization, as adjusted to reflect only the Company’s portion of EBITDA of unconsolidated entities. In addition, we exclude impairment charges on real estate, and gain/loss on disposition of assets and hotel properties and gain/loss of unconsolidated entities to calculate EBITDAre, as defined by NAREIT.

We then further adjust EBITDAre to exclude certain additional items such as gain/loss on insurance settlements, 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, advisory services incentive fee 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 marketable securities and derivative instruments, as well as our portion of adjustments to EBITDAre of unconsolidated entities.

We present EBITDA, EBITDAre and Adjusted EBITDAre because we believe they reflect more accurately the ongoing performance of our hotel assets and other investments and provide more useful information to investors as they are indicators of our ability to meet our future debt payment requirements, working capital requirements and they provide an overall evaluation of our financial condition. 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 (loss) or net income (loss) 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):

	Year Ended December 31,		
	2021	2020	2019
<b>Net income (loss)</b> .....	\$ (271,048)	\$ (633,222)	\$ (142,679)
Interest expense and amortization of discounts and loan costs .....	156,119	247,381	262,001
Depreciation and amortization .....	218,851	252,765	269,003
Income tax expense (benefit) .....	5,948	(1,335)	1,218
Equity in (earnings) loss of unconsolidated entities .....	558	448	2,307
Company's portion of EBITDA of unconsolidated entities (Ashford Inc.) .....	—	—	4,336
Company's portion of EBITDA of unconsolidated entities (OpenKey) .....	(554)	(446)	(403)
<b>EBITDA</b> .....	109,874	(134,409)	395,783
Impairment charges on real estate .....	—	91,721	33,628
(Gain) loss on disposition of assets and hotel properties .....	(449)	36,680	(26,126)
<b>EBITDAre</b> .....	109,425	(6,008)	403,285
Amortization of unfavorable contract liabilities .....	211	227	176
(Gain) loss on insurance settlements .....	—	(625)	(450)
Write-off of premiums, loan costs and exit fees .....	10,612	13,867	2,841
(Gain) loss on extinguishment of debt .....	(11,896)	(90,349)	—
Other (income) expense, net .....	(1,760)	17,029	(10,219)
Transaction and conversion costs .....	3,033	16,309	2,329
Legal, advisory and settlement costs .....	7,371	1,409	1,660
Unrealized (gain) loss on marketable securities .....	—	1,467	(1,896)
Unrealized (gain) loss on derivatives .....	(14,493)	(19,950)	4,494
Dead deal costs .....	689	923	78
Uninsured remediation costs .....	341	—	—
Non-cash stock/unit-based compensation .....	10,095	10,746	19,717
Company's portion of adjustments to EBITDAre of unconsolidated entities (Ashford Inc.) .....	—	—	2,941
Company's portion of adjustments to EBITDAre of unconsolidated entities (OpenKey) .....	16	28	49
<b>Adjusted EBITDAre</b> .....	<u>\$ 113,644</u>	<u>\$ (54,927)</u>	<u>\$ 425,005</u>

We calculate FFO and Adjusted FFO in the following table. 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 disposition of assets and hotel properties, plus depreciation and amortization of real estate assets, impairment charges on real estate assets, and after adjustments for unconsolidated entities and noncontrolling interests in the operating partnership. Adjustments for unconsolidated entities are calculated to reflect FFO on the same basis. 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 debt, gain/loss on insurance settlements, 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 non-cash stock/unit-based compensation, amortization of loan costs, amortization of the term loan discount, unrealized gains/losses on marketable securities and derivative instruments, as well as our portion of adjustments to FFO related to unconsolidated entities. We exclude items from Adjusted FFO that are either non-cash or are not part of our core operations in order to provide a period-over-period comparison of our operating results. 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 a) GAAP net income or loss as an indication of our financial performance or b) GAAP cash flows from operating activities as a measure of our liquidity, nor is it 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 the consolidated financial statements.

The following table reconciles net income (loss) to FFO and Adjusted FFO (in thousands):

	Year Ended December 31,		
	2021	2020	2019
<b>Net income (loss)</b> .....	\$ (271,048)	\$ (633,222)	\$ (142,679)
(Income) loss attributable to noncontrolling interest in consolidated entities .....	73	338	112
Net (income) loss attributable to redeemable noncontrolling interests in operating partnership .....	3,970	89,008	28,932
Preferred dividends .....	(252)	(32,117)	(42,577)
Gain (loss) on extinguishment of preferred stock .....	(607)	55,477	—
<b>Net income (loss) attributable to common stockholders</b> .....	(267,864)	(520,516)	(156,212)
Depreciation and amortization of real estate .....	218,708	252,590	268,778
(Gain) loss on disposition of assets and hotel properties .....	(449)	36,680	(26,126)
Net income (loss) attributable to redeemable noncontrolling interests in operating partnership .....	(3,970)	(89,008)	(28,932)
Equity in (earnings) loss of unconsolidated entities .....	558	448	2,307
Impairment charges on real estate .....	—	91,721	33,628
Company's portion of FFO of unconsolidated entities (Ashford Inc.) .....	—	—	(4,030)
Company's portion of FFO of unconsolidated entities (OpenKey) .....	(556)	(449)	(396)
<b>FFO available to common stockholders and OP unitholders</b> .....	(53,573)	(228,534)	89,017
(Gain) loss on extinguishment of preferred stock .....	607	(55,477)	—
Write-off of premiums, loan costs and exit fees .....	10,612	13,867	2,841
(Gain) loss on extinguishment of debt .....	(11,896)	(90,349)	—
(Gain) loss on insurance settlements .....	—	(625)	(450)
Other (income) expense, net .....	(1,760)	17,029	(10,219)
Transaction and conversion costs .....	3,407	16,309	2,329
Legal, advisory and settlement costs .....	7,371	1,409	1,660
Unrealized (gain) loss on marketable securities .....	—	1,467	(1,896)
Unrealized (gain) loss on derivatives .....	(14,493)	(19,950)	4,494
Dead deal costs .....	689	923	78
Uninsured remediation costs .....	341	—	—
Non-cash stock/unit-based compensation .....	10,095	10,746	19,717
Amortization of term loan exit fee .....	7,076	—	—
Amortization of loan costs .....	12,597	16,517	29,537
Company's portion of adjustments to FFO of unconsolidated entities (Ashford Inc.) .....	—	—	8,319
Company's portion of adjustments to FFO of unconsolidated entities (OpenKey) .....	16	17	55
<b>Adjusted FFO available to common stockholders and OP unitholders</b> .....	<u>\$ (28,911)</u>	<u>\$ (316,651)</u>	<u>\$ 145,482</u>

**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. The analysis below presents the sensitivity of the market value of our financial instruments to selected changes in market interest rates.

At December 31, 2021, our total indebtedness of \$3.9 billion included \$3.6 billion of variable-rate debt. The impact on our results of operations of a 25-basis point change in interest rate on the outstanding balance of variable-rate debt at December 31, 2021 would be approximately \$8.9 million annually. Interest rate changes have no impact on the remaining \$330.4 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. As the information presented above includes only those exposures that existed at December 31, 2021, 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 in place at the time, and the related interest rates.

**Item 8.    *Financial Statements and Supplementary Data***

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## **Report of Independent Registered Public Accounting Firm**

Stockholders and Board of Directors  
Ashford Hospitality Trust, Inc.  
Dallas, Texas

### **Opinion on the Consolidated Financial Statements**

We have audited the accompanying consolidated balance sheets of Ashford Hospitality Trust, Inc. (the “Company”) as of December 31, 2021 and 2020, the related consolidated statements of operations, comprehensive income (loss), equity (deficit), and cash flows for each of the three years in the period ended December 31, 2021, 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, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, 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, 2021, 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 February 28, 2022 expressed an unqualified opinion thereon.

### **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 a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

### **Accounting for Oaktree Credit Agreement**

As described in Notes 1 and 7 to the consolidated financial statements, on January 15, 2021, the Company entered into a senior secured term loan facility with Oaktree Capital Management L.P. (“Oaktree Credit Agreement”) comprised of an initial term loan for \$200 million, with additional draw terms loans up to \$250 million. On October 12, 2021, the Oaktree Credit Agreement was amended (the “Amendment”).

Prior to the Amendment described in Note 7, the Company was required to pay an exit fee upon repayment of the loans in full or the acceleration of the loans following an event of default. At Oaktree's election, the exit fee may be paid by a cash payment equal to 15% of the amount of the loans, including paid-in-kind interest, or the issuance of warrants for the purchase of up to 19.9% of the Company's outstanding stock. As a result of the Amendment, Oaktree is able to receive the exit fee in warrants at any time. If the price per share of the warrants sold for common stock exceeds \$40, the obligations owed to Oaktree shall be reduced by an amount equal to 25% of such excess.



The Oaktree Credit Agreement and Amendment include various embedded features which required assessment to determine if the features are required to be accounted for separately from the host debt instrument. The exit fee, along with an event of default feature, were the significant features requiring bifurcation from the debt host, and the bifurcated features were combined into a compound derivative which was recorded at fair value as of the issuance date, and was subsequently adjusted to fair value at the end of each reporting period. The fair value of the compound derivative was \$43.7 million on the issuance date and \$27.9 million on December 31, 2021. The Company analyzed the accounting for the Oaktree Credit Agreement and Amendment and their related features, including an assessment of potential embedded derivatives.

We identified the accounting for the terms of the Oaktree Credit Agreement and the Amendment as well as the valuation of the related compound derivative, as a critical audit matter. Auditing the accounting for the Oaktree Credit Agreement, the Amendment and the valuation of the compound derivative were especially challenging due to the inherent complexity of the agreements and the related valuation model. Auditing these elements required an increased level of audit effort, including the involvement of professionals with specialized skill and knowledge.

The procedures we performed to address this critical audit matter included:

- Inspecting the underlying agreements and ensuring appropriate application of the relevant accounting literature to the terms of the Oaktree Credit Agreement and Amendment.
- Evaluating the appropriateness of the fair value of the compound derivative and related bifurcation from the debt host.
- Utilizing personnel with specialized skill and knowledge in the area of accounting for complex debt instruments in order to assist with the assessment of the accounting for the Oaktree Credit Agreement and its embedded features, as well as the Amendment.
- Utilizing personnel with specialized skill and knowledge in valuation to assist in assessing the fair value determined for the compound derivative.

/s/ BDO USA, LLP

We have served as the Company's auditor since 2015.

Dallas, Texas

February 28, 2022

**ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(in thousands, except share and per share amounts)

	December 31, 2021	December 31, 2020
<b>ASSETS</b>		
Investments in hotel properties, net .....	\$ 3,230,710	\$ 3,426,982
Cash and cash equivalents .....	592,110	92,905
Restricted cash .....	99,534	74,408
Accounts receivable, net of allowance of \$455 and \$441, respectively .....	37,720	21,760
Inventories .....	3,291	2,447
Notes receivable, net .....	8,723	8,263
Investments in unconsolidated entities .....	11,253	2,811
Deferred costs, net .....	5,001	1,851
Prepaid expenses .....	13,384	18,401
Derivative assets .....	501	263
Operating lease right-of-use assets .....	44,575	45,008
Other assets .....	16,150	23,303
Intangible assets .....	797	797
Due from Ashford Inc., net .....	25	—
Due from related parties, net .....	7,473	5,801
Due from third-party hotel managers .....	26,896	9,383
Total assets .....	<u>\$ 4,098,143</u>	<u>\$ 3,734,383</u>
<b>LIABILITIES AND EQUITY/DEFICIT</b>		
Liabilities:		
Indebtedness, net .....	\$ 3,887,822	\$ 3,728,911
Accounts payable and accrued expenses .....	117,650	99,954
Accrued interest payable .....	15,432	98,685
Dividends and distributions payable .....	3,104	868
Due to Ashford Inc., net .....	—	13,383
Due to related parties, net .....	728	—
Due to third-party hotel managers .....	1,204	184
Intangible liabilities, net .....	2,177	2,257
Operating lease liabilities .....	45,106	45,309
Other liabilities .....	4,832	5,336
Total liabilities .....	<u>4,078,055</u>	<u>3,994,887</u>
Commitments and contingencies (note 17)		
Redeemable noncontrolling interests in operating partnership .....	22,742	22,951
Equity (deficit):		
Preferred stock, \$0.01 par value, 50,000,000 shares authorized:		
Series D Cumulative Preferred Stock, 1,174,427 and 1,791,461 shares issued and outstanding at December 31, 2021 and December 31, 2020, respectively .....	12	18
Series F Cumulative Preferred Stock, 1,251,044 and 2,891,440 shares issued and outstanding at December 31, 2021 and December 31, 2020, respectively .....	12	29
Series G Cumulative Preferred Stock, 1,531,996 and 4,422,623 shares issued and outstanding at December 31, 2021 and December 31, 2020, respectively .....	15	44
Series H Cumulative Preferred Stock, 1,308,415 and 2,668,637 shares issued and outstanding at December 31, 2021 and December 31, 2020, respectively .....	13	27
Series I Cumulative Preferred Stock, 1,252,923 and 3,391,349 shares issued and outstanding at December 31, 2021 and December 31, 2020, respectively .....	13	34
Common stock, \$0.01 par value, 400,000,000 shares authorized, 34,490,381 and 6,436,250 shares issued and outstanding at December 31, 2021 and December 31, 2020, respectively .....	345	64
Additional paid-in capital .....	2,379,906	1,809,455
Accumulated deficit .....	(2,382,970)	(2,093,292)
Total stockholders' equity (deficit) of the Company .....	<u>(2,654)</u>	<u>(283,621)</u>
Noncontrolling interest in consolidated entities .....	—	166
Total equity (deficit) .....	<u>(2,654)</u>	<u>(283,455)</u>
Total liabilities and equity/deficit .....	<u>\$ 4,098,143</u>	<u>\$ 3,734,383</u>

*See Notes to Consolidated Financial Statements.*

**ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in thousands, except per share amounts)

	Year Ended December 31,		
	2021	2020	2019
<b>REVENUE</b>			
Rooms .....	\$ 655,121	\$ 407,492	\$ 1,184,987
Food and beverage .....	94,911	61,157	243,917
Other hotel revenue .....	53,112	37,856	69,653
Total hotel revenue .....	803,144	506,505	1,498,557
Other .....	2,267	1,733	4,202
<b>Total revenue</b> .....	<b>805,411</b>	<b>508,238</b>	<b>1,502,759</b>
<b>EXPENSES</b>			
Hotel operating expenses:			
Rooms .....	157,982	106,508	258,446
Food and beverage .....	71,172	49,223	167,945
Other expenses .....	316,638	253,997	472,437
Management fees .....	31,014	24,944	53,846
Total hotel expenses .....	576,806	434,672	952,674
Property taxes, insurance and other .....	67,904	79,669	84,112
Depreciation and amortization .....	218,851	252,765	269,003
Impairment charges .....	—	91,721	33,628
Advisory services fee .....	52,313	50,050	63,632
Corporate, general and administrative .....	16,153	28,048	11,107
<b>Total expenses</b> .....	<b>932,027</b>	<b>936,925</b>	<b>1,414,156</b>
Gain (loss) on disposition of assets and hotel properties .....	1,449	(36,680)	26,126
<b>OPERATING INCOME (LOSS)</b> .....	<b>(125,167)</b>	<b>(465,367)</b>	<b>114,729</b>
Equity in earnings (loss) of unconsolidated entities .....	(558)	(448)	(2,307)
Interest income .....	207	672	3,067
Other income (expense) .....	760	(16,998)	10,490
Interest expense and amortization of discounts and loan costs .....	(156,119)	(247,381)	(262,001)
Write-off of premiums, loan costs and exit fees .....	(10,612)	(13,867)	(2,841)
Gain (loss) on extinguishment of debt .....	11,896	90,349	—
Unrealized gain (loss) on marketable securities .....	—	(1,467)	1,896
Unrealized gain (loss) on derivatives .....	14,493	19,950	(4,494)
<b>INCOME (LOSS) BEFORE INCOME TAXES</b> .....	<b>(265,100)</b>	<b>(634,557)</b>	<b>(141,461)</b>
Income tax (expense) benefit .....	(5,948)	1,335	(1,218)
<b>NET INCOME (LOSS)</b> .....	<b>(271,048)</b>	<b>(633,222)</b>	<b>(142,679)</b>
(Income) loss attributable to noncontrolling interest in consolidated entities .....	73	338	112
Net (income) loss attributable to redeemable noncontrolling interests in operating partnership .....	3,970	89,008	28,932
<b>NET INCOME (LOSS) ATTRIBUTABLE TO THE COMPANY</b> .....	<b>(267,005)</b>	<b>(543,876)</b>	<b>(113,635)</b>
Preferred dividends .....	(252)	(32,117)	(42,577)
Gain (loss) on extinguishment of preferred stock .....	(607)	55,477	—
<b>NET INCOME (LOSS) ATTRIBUTABLE TO COMMON STOCKHOLDERS</b> .....	<b>\$ (267,864)</b>	<b>\$ (520,516)</b>	<b>\$ (156,212)</b>
<b>INCOME (LOSS) PER SHARE - BASIC AND DILUTED</b>			
<b>Basic:</b>			
Net income (loss) attributable to common stockholders .....	\$ (12.37)	\$ (329.97)	\$ (157.74)
Weighted average common shares outstanding – basic .....	21,625	1,576	998
<b>Diluted:</b>			
Net income (loss) attributable to common stockholders .....	\$ (12.43)	\$ (329.97)	\$ (157.74)
Weighted average common shares outstanding – diluted .....	21,844	1,576	998

*See Notes to Consolidated Financial Statements.*

**ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
(in thousands)

	<b>Year Ended December 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Net income (loss)</b> .....	<u>\$ (271,048)</u>	<u>\$ (633,222)</u>	<u>\$ (142,679)</u>
<b>Other comprehensive income (loss), net of tax:</b>			
Total other comprehensive income (loss) .....	<u>—</u>	<u>—</u>	<u>—</u>
<b>Comprehensive income (loss)</b> .....	<u>(271,048)</u>	<u>(633,222)</u>	<u>(142,679)</u>
Less: Comprehensive (income) loss attributable to noncontrolling interest in consolidated entities .....	73	338	112
Less: Comprehensive (income) loss attributable to redeemable noncontrolling interests in operating partnership .....	3,970	89,008	28,932
<b>Comprehensive income (loss) attributable to the Company</b> .....	<u><u>\$ (267,005)</u></u>	<u><u>\$ (543,876)</u></u>	<u><u>\$ (113,635)</u></u>

*See Notes to Consolidated Financial Statements.*

**ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF EQUITY (DEFICIT)**  
(in thousands, except per share amounts)

	Preferred Stock										Common Stock	Additional Paid-in Capital	Accumulated Deficit	Noncontrolling Interests in Consolidated Entities		Total	Redeemable Noncontrolling Interest in Operating Partnership
	Series D		Series F		Series G		Series H		Series I								
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount							
Balance at January 1, 2019	2,389	\$ 24	4,800	\$ 48	6,200	\$ 62	3,800	\$ 38	5,400	\$ 54	1,010	\$ 10	\$ 1,815,273	\$ 616	\$ 453,105	\$ 80,743	
Impact of adoption of new accounting standard	—	—	—	—	—	—	—	—	—	—	—	—	1,755	—	1,755	—	
Purchases of common stock	—	—	—	—	—	—	—	—	—	—	(2)	—	(1,031)	—	(1,031)	—	
Equity-based compensation	—	—	—	—	—	—	—	—	—	—	—	12,413	—	—	12,413	7,304	
Forfeitures of restricted shares	—	—	—	—	—	—	—	—	—	—	(1)	—	—	—	—	—	
Issuance of restricted shares/units	—	—	—	—	—	—	—	—	—	—	14	—	—	—	—	28	
Common stock issuance costs	—	—	—	—	—	—	—	—	—	—	—	(91)	—	—	(91)	—	
Issuance of units for hotel acquisition	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Dividends declared - common shares (\$30.00/share)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	7,854	
Dividends declared - preferred shares- Series D (\$2.11/share)	—	—	—	—	—	—	—	—	—	—	—	—	(31,116)	—	(31,116)	—	
Dividends declared - preferred shares- Series F (\$1.84/share)	—	—	—	—	—	—	—	—	—	—	—	—	(5,048)	—	(5,048)	—	
Dividends declared - preferred shares- Series G (\$1.84/share)	—	—	—	—	—	—	—	—	—	—	—	—	(8,849)	—	(8,849)	—	
Dividends declared - preferred shares- Series H (\$1.88/share)	—	—	—	—	—	—	—	—	—	—	—	—	(11,430)	—	(11,430)	—	
Dividends declared - preferred shares- Series I (\$1.88/share)	—	—	—	—	—	—	—	—	—	—	—	—	(7,125)	—	(7,125)	—	
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	—	—	—	—	(10,125)	—	(10,125)	—	
Redemption value adjustment	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(6,572)	
Net income (loss)	—	—	—	—	—	—	—	—	—	—	—	—	(9,445)	—	(9,445)	9,445	
Balance at December 31, 2019	2,389	\$ 24	4,800	\$ 48	6,200	\$ 62	3,800	\$ 38	5,400	\$ 54	1,021	\$ 10	\$ 1,826,564	\$ 504	\$ 269,266	\$ 69,870	
Purchases of common shares	—	—	—	—	—	—	—	—	—	—	(3)	—	(399)	—	(399)	—	
Equity-based compensation	—	—	—	—	—	—	—	—	—	—	—	5,916	—	—	5,916	4,830	
Forfeitures of restricted shares	—	—	—	—	—	—	—	—	—	—	(5)	—	—	—	—	—	
Issuance of restricted shares/units	—	—	—	—	—	—	—	—	—	—	19	—	—	—	—	—	
Issuance of common stock (net)	—	—	—	—	—	—	—	—	—	—	1,267	13	31,859	—	31,872	—	
PSU dividend claw back upon cancellation and forfeiture	—	—	—	—	—	—	—	—	—	—	—	—	606	—	606	—	
Dividends declared - preferred shares- Series D (\$0.53/share)	—	—	—	—	—	—	—	—	—	—	—	—	(1,262)	—	(1,262)	—	
Dividends declared - preferred shares- Series F (\$0.46/share)	—	—	—	—	—	—	—	—	—	—	—	—	(2,212)	—	(2,212)	—	
Dividends declared - preferred shares- Series G (\$0.46/share)	—	—	—	—	—	—	—	—	—	—	—	—	(2,858)	—	(2,858)	—	
Dividends declared - preferred shares- Series H (\$0.47/share)	—	—	—	—	—	—	—	—	—	—	—	—	(1,781)	—	(1,781)	—	
Dividends declared - preferred shares- Series I (\$0.47/share)	—	—	—	—	—	—	—	—	—	—	—	—	(2,531)	—	(2,531)	—	

	Preferred Stock										Noncontrolling Interests in Consolidated Entities	Accumulated Deficit	Additional Paid-in Capital	Common Stock		Total	Redeemable Noncontrolling Interest in Operating Partnership		
	Series D		Series F		Series G		Series H		Series I					Shares	Amount			Shares	Amount
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount									
Performance LTIP dividend claw back upon cancellation.....	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1,401		
Redemption/conversion of operating partnership units.....	—	—	—	—	—	—	—	—	—	—	20	—	959	—	—	959	(959)		
Redemption value adjustment.....	—	—	—	—	—	—	—	—	—	—	—	—	—	(36,817)	—	(36,817)	36,817		
Extinguishment of preferred stock.....	(598)	(6)	(1,909)	(19)	(1,777)	(18)	(1,131)	(11)	(2,009)	(20)	4,117	41	(55,444)	55,477	—	—	—		
Net income (loss).....	—	—	—	—	—	—	—	—	—	—	—	—	—	(543,876)	(338)	(544,214)	(89,008)		
Balance at December 31, 2020.....	1,791	\$ 18	2,891	\$ 29	4,423	\$ 44	2,669	\$ 27	3,391	\$ 34	6,436	\$ 64	\$ 1,809,455	\$ (2,093,292)	\$ 166	\$ (283,455)	\$ 22,951		
Purchases of common stock.....	—	—	—	—	—	—	—	—	—	—	(1)	—	(46)	—	—	(46)	—		
Equity-based compensation.....	—	—	—	—	—	—	—	—	—	—	—	—	7,429	—	—	7,429	2,596		
Forfeitures of restricted shares.....	—	—	—	—	—	—	—	—	—	—	(4)	—	—	—	—	—	—		
Issuance of restricted shares/units.....	—	—	—	—	—	—	—	—	—	—	251	3	(3)	—	—	—	—		
Issuance of common stock (net).....	—	—	—	—	—	—	—	—	—	—	20,031	200	562,519	—	—	562,719	—		
PSU dividend claw back upon cancellation and forfeiture.....	—	—	—	—	—	—	—	—	—	—	—	—	—	349	—	349	—		
Dividends declared - preferred shares- Series D (\$3.70/share).....	—	—	—	—	—	—	—	—	—	—	—	—	—	(4,342)	—	(4,342)	—		
Dividends declared - preferred shares- Series F (\$3.23/share).....	—	—	—	—	—	—	—	—	—	—	—	—	—	(4,036)	—	(4,036)	—		
Dividends declared - preferred shares- Series G (\$3.23/share).....	—	—	—	—	—	—	—	—	—	—	—	—	—	(4,943)	—	(4,943)	—		
Dividends declared - preferred shares- Series H (\$3.28/share).....	—	—	—	—	—	—	—	—	—	—	—	—	—	(4,293)	—	(4,293)	—		
Dividends declared - preferred shares- Series I (\$3.28/share).....	—	—	—	—	—	—	—	—	—	—	—	—	—	(4,111)	—	(4,111)	—		
Performance LTIP dividend claw back upon cancellation.....	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	518		
Redemption/conversion of operating partnership units.....	—	—	—	—	—	—	—	—	—	—	1	—	43	—	—	43	(43)		
Redemption value adjustment.....	—	—	—	—	—	—	—	—	—	—	—	—	—	(690)	—	(690)	690		
Extinguishment of preferred stock.....	(617)	(6)	(1,640)	(17)	(2,891)	(29)	(1,361)	(14)	(2,138)	(21)	7,776	78	616	(607)	—	—	—		
Acquisition of noncontrolling interest in consolidated entity.....	—	—	—	—	—	—	—	—	—	—	—	—	(107)	—	—	(93)	(200)		
Net income (loss).....	—	—	—	—	—	—	—	—	—	—	—	—	—	(267,005)	(73)	(267,078)	(3,970)		
Balance at December 31, 2021.....	1,174	\$ 12	1,251	\$ 12	1,532	\$ 15	1,308	\$ 13	1,253	\$ 13	34,490	\$ 345	\$ 2,379,906	\$ (2,382,970)	\$ —	\$ (2,654)	\$ 22,742		

See Notes to Consolidated Financial Statements.

**ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)

	<b>Year Ended December 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Cash Flows from Operating Activities</b>			
Net income (loss) .....	\$(271,048)	\$(633,222)	\$(142,679)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization .....	218,851	252,765	269,003
Impairment charges .....	—	91,721	33,628
Amortization of intangibles .....	131	(307)	(257)
Recognition of deferred income .....	(498)	(768)	(954)
Bad debt expense .....	2,110	1,810	3,127
Deferred income tax expense (benefit) .....	113	(1,058)	(159)
Equity in (earnings) loss of unconsolidated entities .....	558	448	2,307
(Gain) loss on disposition of assets and hotel properties .....	(1,449)	36,680	(26,126)
(Gain) loss on extinguishment of debt .....	(11,896)	(90,349)	—
Gain on insurance settlement .....	—	—	(450)
Realized and unrealized (gain) loss on marketable securities .....	—	(801)	(1,980)
Realized (gain) loss on investment in Ashford Inc. ....	—	—	(11,792)
Purchases of marketable securities .....	—	(1,997)	(4,208)
Sales of marketable securities .....	—	17,389	13,413
Net settlement of trading derivatives .....	—	2,347	(3,485)
Realized and unrealized (gain) loss on derivatives .....	(14,474)	(878)	5,294
Amortization of loan costs, discounts and capitalized default interest and write-off of premiums, loan costs and exit fees .....	(1,336)	10,229	32,153
Equity-based compensation .....	10,025	10,746	19,717
Amortization of parking asset .....	—	117	118
Non-cash interest income .....	(672)	(854)	(191)
Changes in operating assets and liabilities, exclusive of the effect of dispositions of hotel properties:			
Accounts receivable and inventories .....	(21,366)	15,738	(6,639)
Prepaid expenses and other assets .....	4,203	1,079	2,307
Operating lease right-of-use assets .....	201	1,006	1,322
Operating lease liabilities .....	(203)	(595)	(937)
Accounts payable and accrued expenses and accrued interest payable .....	(28,927)	143,241	(4,177)
Due to/from related parties .....	(944)	(2,782)	(4,496)
Due to/from third-party hotel managers .....	(16,743)	3,763	4,372
Due to/from Ashford Inc., net .....	(10,818)	6,091	(1,256)
Other liabilities .....	(6)	(11,090)	234
Net cash provided by (used in) operating activities .....	<u>(144,188)</u>	<u>(149,531)</u>	<u>177,209</u>
<b>Cash Flows from Investing Activities</b>			
Improvements and additions to hotel properties .....	(36,742)	(46,206)	(159,220)
Net proceeds from disposition of assets and hotel properties .....	9,013	38,763	102,676
Payments for initial franchise fees .....	(90)	—	(475)
Proceeds from property insurance .....	2,779	1,382	1,233
Investments in unconsolidated entities .....	(9,000)	(430)	(647)
Proceeds from sale of investment in Ashford Inc. ....	—	—	11,792
Proceeds from franchise agreement .....	—	—	4,000
Acquisition of hotel properties and assets, net of cash and restricted cash acquired .....	—	(1,113)	(212,552)
Net cash provided by (used in) investing activities .....	<u>(34,040)</u>	<u>(7,604)</u>	<u>(253,193)</u>
<b>Cash Flows from Financing Activities</b>			
Borrowings on indebtedness, net of commitment fee .....	377,500	88,000	404,795
Repayments of indebtedness .....	(189,594)	(137,849)	(272,357)
Payments for loan costs and exit fees .....	(27,768)	(26,682)	(9,643)
Payments for dividends and distributions .....	(18,622)	(28,619)	(86,210)
Purchases of common stock .....	(46)	(399)	(1,031)
Payments for derivatives .....	(1,538)	(83)	(1,112)
Proceeds from common stock offerings .....	562,827	31,873	—

	Year Ended December 31,		
	2021	2020	2019
Acquisition of noncontrolling interest in consolidated entities .....	(200)	—	—
Preferred and common stock offering costs .....	—	—	(91)
Other .....	—	—	28
Net cash provided by (used in) financing activities .....	702,559	(73,759)	34,379
Net increase (decrease) in cash, cash equivalents and restricted cash .....	524,331	(230,894)	(41,605)
Cash, cash equivalents and restricted cash at beginning of period .....	167,313	398,207	439,812
Cash, cash equivalents and restricted cash and at end of period .....	<u>\$ 691,644</u>	<u>\$ 167,313</u>	<u>\$ 398,207</u>
<b>Supplemental Cash Flow Information</b>			
Interest paid .....	\$ 219,624	\$ 91,372	\$ 233,711
Income taxes paid (refunded) .....	3,525	1,021	(1,059)
<b>Supplemental Disclosure of Non-Cash Investing and Financing Activities</b>			
Accrued but unpaid capital expenditures .....	\$ 11,396	\$ 12,640	\$ 24,239
Accrued stock offering costs .....	108	—	—
Notes receivable issued in land sale .....	—	—	7,590
Other non-cash consideration from land sale .....	—	—	4,797
Issuance of units for hotel acquisition .....	—	—	7,854
Assumption of debt in hotel acquisition .....	—	—	24,922
Buyer assumption of debt in hotel disposition .....	—	108,750	—
Non-cash extinguishment of debt .....	9,604	179,030	—
Non-cash loan principal associated with default interest and late charges .....	33,245	47,453	—
Non-cash loan proceeds associated with accrued interest and legal fees .....	—	22,456	—
Non-cash extinguishment of preferred stock .....	208,606	179,061	—
Issuance of common stock from preferred stock exchanges .....	209,213	123,584	—
Debt discount associated with embedded debt derivative .....	43,680	—	—
Credit facility commitment fee .....	4,500	—	—
Dividends and distributions declared but not paid .....	3,104	868	20,849
<b>Supplemental Disclosure of Cash, Cash Equivalents and Restricted Cash</b>			
Cash and cash equivalents at beginning of period .....	\$ 92,905	\$ 262,636	\$ 319,210
Restricted cash at beginning of period .....	74,408	135,571	120,602
Cash, cash equivalents and restricted cash at beginning of period .....	<u>\$ 167,313</u>	<u>\$ 398,207</u>	<u>\$ 439,812</u>
Cash and cash equivalents at end of period .....	\$ 592,110	\$ 92,905	\$ 262,636
Restricted cash at end of period .....	99,534	74,408	135,571
Cash, cash equivalents and restricted cash at end of period .....	<u>\$ 691,644</u>	<u>\$ 167,313</u>	<u>\$ 398,207</u>

*See Notes to Consolidated Financial Statements.*



**ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 2021, 2020 and 2019**

**1. Organization and Description of Business**

Ashford Hospitality Trust, Inc., together with its subsidiaries (“Ashford Trust”), is a real estate investment trust (“REIT”). While our portfolio currently consists of upscale hotels and upper upscale full-service hotels, our investment strategy is predominantly focused on investing in upper upscale full-service hotels in the United States that have revenue per available room (“RevPAR”) generally less than twice the U.S. national average, and in all methods including direct real estate, equity, and debt. We currently anticipate future investments will predominantly be in upper upscale hotels. We own our lodging investments and conduct our business through Ashford Hospitality Limited Partnership (“Ashford Trust OP”), our operating partnership. Ashford OP General Partner LLC, a wholly-owned subsidiary of Ashford Trust, serves as the sole general partner of our operating partnership. In this report, terms such as the “Company,” “we,” “us,” or “our” refer to Ashford Hospitality Trust, Inc. and all entities included in its consolidated financial statements.

Our hotel properties are primarily branded under the widely recognized upscale and upper upscale brands of Hilton, Hyatt, Marriott and Intercontinental Hotel Group. As of December 31, 2021, we owned interests in the following assets:

- 100 consolidated hotel properties, which represent 22,313 total rooms;
- 85 hotel condominium units at WorldQuest Resort in Orlando, Florida (“WorldQuest”);
- 16.7% ownership in OpenKey with a carrying value of approximately \$2.8 million; and
- 32.5% ownership in 815 Commerce Managing Member, LLC (“815 Commerce MM”) with a carrying value of approximately \$8.5 million.

For U.S. federal income tax purposes, we have elected to be treated as a REIT, which imposes limitations related to operating hotels. As of December 31, 2021, our 100 hotel properties were leased or owned by our wholly-owned subsidiaries that are treated as taxable REIT subsidiaries for U.S. federal income tax purposes (collectively, these subsidiaries are referred to as “Ashford TRS”). Ashford TRS then engages third-party or affiliated hotel management companies to operate the hotels under management contracts. Hotel operating results related to these properties are included in the consolidated statements of operations.

We are advised by Ashford Hospitality Advisors LLC (“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 hotel management companies to operate them for us under management contracts. Remington Hotels, a subsidiary of Ashford Inc., manages 68 of our 100 hotel properties and WorldQuest. 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 services, insurance claims services, hypoallergenic premium rooms, broker-dealer and distribution services and mobile key technology.

On June 28, 2021, our board of directors approved a reverse stock split of our issued and outstanding common stock at a ratio of 1-for-10. This reverse stock split converted every ten issued and outstanding shares of common stock into one share of common stock. The reverse stock split was effective as of the close of business on July 16, 2021. As a result of the reverse stock split, the number of outstanding shares of common stock was reduced from approximately 265.1 million shares to approximately 26.5 million shares on that date. Additionally, the number of outstanding common units, Long-Term Incentive Plan (“LTIP”) units and Performance LTIP units was reduced from approximately 4.0 million units to approximately 402,000 units on that date. All common stock, common units, LTIP units, Performance LTIP units, performance stock units and restricted stock as well as per share data related to these classes of equity have been revised in the accompanying consolidated financial statements to reflect this reverse stock split for all periods presented.

**Liquidity**

In December 2019, COVID-19 was identified in Wuhan, China, subsequently spread to other regions of the world, and resulted in significant travel restrictions and the extended shutdown of numerous businesses throughout the United States. In March 2020, the World Health Organization declared COVID-19 to be a global pandemic. Beginning in late February 2020, we experienced a significant decline in occupancy and RevPAR, and we expect the occupancy and RevPAR declines associated

**ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

with COVID-19 to continue. The prolonged presence of the virus resulted in health and other government authorities imposing widespread restrictions on travel and other businesses.

On January 15, 2021, the Company entered into a credit agreement (as amended, the “Oaktree Credit Agreement”) with certain funds and accounts managed by Oaktree Capital Management, L.P. (the “Lenders” or “Oaktree”) and Oaktree Fund Administration, LLC, as administrative agent (the “Administrative Agent”). The Oaktree Credit Agreement provides that, subject to the conditions set forth therein, the Lenders will make available to the borrower a senior secured term loan facility comprised of (a) initial term loans (the “Initial Term Loan”) in an aggregate principal amount of \$200 million, (b) initial delayed draw term loans in an aggregate principal amount of up to \$150 million and (the “initial DDTL”) (c) Additional delayed draw term loans in an aggregate principal amount of up to \$100 million (the “Additional DDTL,” and together with the Initial Term Loan and the Initial DDTL, collectively, the “Loans”) in each case to fund general corporate operations of the Company and its subsidiaries. On October 12, 2021, the Oaktree Agreement was amended. On October 12, 2021, the Company and Ashford Trust OP entered into Amendment No. 1 to the Credit Agreement. See note 7.

As of December 31, 2021, the Company held cash and cash equivalents of \$592.1 million and restricted cash of \$99.5 million. The vast majority of the restricted cash comprises lender and manager held reserves. During 2020, the Company worked with its property managers and lenders in order to utilize lender and manager held reserves to fund operating shortfalls. The Company continues to have discussions with one of its lenders about a potential loan modification on its property level debt. On November 23, 2021, the Company announced that its board of directors declared cash dividends on the Company’s 8.45% Series D Cumulative Preferred Stock, 7.375% Series F Cumulative Preferred Stock, 7.375% Series G Cumulative Preferred Stock, 7.50% Series H Cumulative Preferred Stock, and 7.50% Series I Cumulative Preferred Stock reflecting accrued and unpaid dividends for the quarters ending June 30, 2020, September 30, 2020, December 31, 2020, March 31, 2021, June 30, 2021, and September 30, 2021. The board of directors also declared cash dividends on the Company’s 8.45% Series D Cumulative Preferred Stock, 7.375% Series F Cumulative Preferred Stock, 7.375% Series G Cumulative Preferred Stock, 7.50% Series H Cumulative Preferred Stock, and 7.50% Series I Cumulative Preferred Stock for the quarter ended December 31, 2021.

We cannot predict when hotel operating levels will return to normalized levels after the effects of the pandemic subside, whether our hotels will be forced to shut down operations or whether one or more possible recurrences of COVID-19 case surges could result in further reductions in business and personal travel or potentially cause state and local governments to reinstate travel restrictions. Facts and circumstances could change in the future that are outside of management’s control, such as additional government mandates, health official orders, travel restrictions and extended business shutdowns due to COVID-19.

## **2. Significant Accounting Policies**

***Basis of Presentation***—The accompanying consolidated financial statements include the accounts of Ashford Hospitality Trust, Inc., its majority-owned subsidiaries and its majority-owned joint ventures in which it has a controlling interest. All significant inter-company accounts and transactions between consolidated entities have been eliminated in these consolidated financial statements.

Ashford Trust 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 the VIE or the right to receive benefits from the VIE. All major decisions related to Ashford Trust OP that most significantly impact its economic performance, including but not limited to operating procedures with respect to business affairs and any 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, Ashford Trust OP General Partner LLC, its general partner. As such, we consolidate Ashford Trust OP.

**ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

The following acquisitions and dispositions affect reporting comparability of our consolidated financial statements:

<b>Hotel Property</b>	<b>Location</b>	<b>Type</b>	<b>Date</b>
Embassy Suites New York Manhattan Times Square .....	New York, NY	Acquisition	January 22, 2019
Hilton Santa Cruz/Scotts Valley .....	Santa Cruz, CA	Acquisition	February 26, 2019
San Antonio Marriott .....	San Antonio, TX	Disposition	August 2, 2019
Hilton Garden Inn Wisconsin Dells .....	Wisconsin Dells, WI	Disposition	August 6, 2019
Courtyard Savannah .....	Savannah, GA	Disposition	August 14, 2019
SpringHill Suites Jacksonville .....	Jacksonville, FL	Disposition	December 3, 2019
Crowne Plaza Annapolis .....	Annapolis, MD	Disposition	March 9, 2020
Columbus Hampton Inn Easton .....	Columbus, OH	Disposition	August 19, 2020
Stillwater Residence Inn .....	Stillwater, OK	Disposition	August 19, 2020
Washington Hampton Inn Pittsburgh Meadow Lands .....	Pittsburgh, PA	Disposition	August 19, 2020
Phoenix Hampton Inn Airport North .....	Phoenix, AZ	Disposition	August 19, 2020
Pittsburgh Hampton Inn Waterfront West Homestead .....	Pittsburgh, PA	Disposition	August 19, 2020
Wichita Courtyard by Marriott Old Town .....	Wichita, KS	Disposition	August 19, 2020
Canonsburg Homewood Suites Pittsburgh Southpointe .....	Pittsburgh, PA	Disposition	August 19, 2020
Billerica Courtyard by Marriott Boston .....	Boston, MA	Disposition	August 19, 2020
Embassy Suites New York Manhattan Times Square .....	New York, NY	Disposition	August 19, 2020
W Minneapolis, MN .....	Minneapolis, MN	Disposition	September 15, 2020
Courtyard Louisville .....	Louisville, KY	Disposition	September 21, 2020
Courtyard Ft. Lauderdale .....	Ft. Lauderdale, FL	Disposition	September 21, 2020
Residence Inn Lake Buena Vista .....	Lake Buena Vista, FL	Disposition	September 21, 2020
Le Meridien Minneapolis .....	Minneapolis, MN	Disposition	January 20, 2021
SpringHill Suites Durham .....	Durham, NC	Disposition	April 29, 2021
SpringHill Suites Charlotte .....	Charlotte, NC	Disposition	April 29, 2021

**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 FF&E replacements of approximately 4% to 6% of property revenue for certain hotels, as required by certain management or mortgage debt agreement restrictions and provisions.

**Marketable Securities**—Marketable securities include U.S. treasury bills and publicly traded equity securities. All of these investments are recorded at fair value. The fair value of these investments has been determined based on the closing price as of the balance sheet date and is reported as “marketable securities.” Net investment income, including interest income, dividends, and realized gains and losses, is reported as a component of “other income (expense)” in the consolidated statements of operations. Unrealized gains and losses on these investments are reported as “unrealized gain (loss) on marketable securities” in the consolidated statements of operations.

**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 to be 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.

**ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**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. However, four hotel properties contributed upon Ashford Trust's formation in 2003 are stated at the predecessor's historical cost, net of impairment charges, if any, plus a partial step-up related to the acquisition of noncontrolling interests from third parties associated with certain of these properties. All improvements and additions that 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 expensed 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 impairment of hotel properties, we make many assumptions and estimates, including projected cash flows, expected holding periods, 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. We recorded impairment charges of \$0, \$91.7 million and \$33.6 million for the years ended December 31, 2021, 2020 and 2019, respectively. See note 5.

**Hotel Dispositions**—Discontinued operations are defined as the disposal of components of an entity that represents strategic shifts that have (or will have) a major effect on an entity's operations and financial results. We believe that individual dispositions of hotel properties do not represent a strategic shift that has (or will have) a major effect on our operations and financial results as most will not fit the definition. See note 5.

**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 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.

**Investments in Unconsolidated Entities**—As of December 31, 2021, we held a 16.7% ownership interest in OpenKey and a 32.5% ownership interest in 815 Commerce MM, which are 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 the investments for impairment 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 entities" in the consolidated statements of operations. No such impairment was recorded for the years ended December 31, 2021, 2020 and 2019.

Our investments in certain unconsolidated entities are considered to be variable interests in the underlying entities. Each VIE, 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 entities' activities and operations, we are not considered to be the primary beneficiary of these entities on an ongoing basis and therefore such entities are not consolidated.

**Notes Receivable, net**—We record notes receivable at present value upon the transaction date. Any discount or premium is amortized using the effective interest method.

**ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**Impairment of Notes Receivable**—We review notes receivable for impairment each reporting period. The impairment model requires an estimate of expected credit losses, measured over the contractual life of an instrument, that considers forecasts of future economic conditions in addition to information about past events and current conditions. Under the model, the Company will estimate credit losses over the entire contractual term of the instrument from the date of initial recognition of that instrument and is required to record a credit loss expense (or reversal) in each reporting period. Loan impairments are recorded as a valuation allowance and a charge to earnings. Our assessment of impairment is based on considerable management judgment and assumptions. No impairment charges were recorded for the years ended December 31, 2021, 2020 and 2019.

**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 amortized 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 Accounting Standard Codification (“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 and Liabilities**—Intangible assets represent the acquisition of a permanent docking easement and intangible liabilities represent the liabilities recorded on certain hotel properties’ lessor lease contracts that were below market rates at the date of acquisition. The asset is not subject to amortization and liabilities are amortized using the straight-line method over the remaining terms of the respective lease contracts. See note 21.

**Deferred Costs, net**—Debt issuance costs associated with debt obligations are reflected as a direct reduction to the related debt obligation on our consolidated balance sheets. Debt issuance costs are recorded at cost and amortized over the terms of the related indebtedness using the effective interest method.

We also have debt issuance costs related to delayed draw term loans in the Credit Agreement with Oaktree that meet the definition of an asset and are amortized on a straight-line basis over the contractual term of the arrangement. If the Company, makes any draws the recorded asset will be derecognized and reclassified as a direct reduction of the related debt and amortized using the effective interest method over the remaining initial term.

Deferred franchise fees are amortized on a straight-line basis over the terms of the related franchise agreements and are presented as an asset on our consolidated balance sheets. See note 20.

**Derivative Instruments and Hedging**—We use interest rate derivatives to hedge our risks and to capitalize on the historical correlation between changes in LIBOR (London Interbank Offered Rate) and RevPAR. Interest rate derivatives could include swaps, caps, floor, and floorridors. We also use credit default swaps to hedge financial and capital market risk. All of our derivatives are subject to master-netting settlement arrangements and the credit default swaps are subject to credit support annexes. For credit default swaps, cash collateral is posted by us as well as our counterparty. We offset the fair value of the derivative and the obligation/right to return/reclaim cash collateral.

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, credit default swaps and options on futures contracts are reported as “derivative assets, net” in the consolidated balance sheets. For interest rate derivatives, credit default swaps and options on futures contracts, changes in fair value and realized gains and losses are recognized in earnings as “unrealized gain (loss) on derivatives” and “other income (expense),” respectively, in the consolidated statements of operations. Accrued interest on interest rate derivatives is included in “accounts receivable, net” in the consolidated balance sheets.

**ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**Due to/from Related Parties**—Due to/from related parties represents 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.

**Due to/from Ashford Inc.**—Due to/from Ashford Inc. represents current receivables and payables resulting from the advisory services fee, including reimbursable expenses as well as other hotel products and services. Due to/from Ashford Inc. is generally settled within a period not exceeding one year.

**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. Due to/from third-party hotel managers also represents current receivables and payables resulting from transactions related to hotel management. Due to/from third-party hotel managers is 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 attributable to the common unit holders 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 the 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 as described in note 13. 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 interests in consolidated entities represented an ownership interest of 15% in two hotel properties held by one joint venture until December 31, 2021, and was reported in equity in the consolidated balance sheet. On December 31, 2021, the Company purchased the remaining ownership interest and as of December 31, 2021 holds a 100% ownership interest in the two hotel properties.

Net income/loss attributable to redeemable noncontrolling interests in the 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 revenue from the occupancy of our hotel rooms, which is driven by the occupancy and average daily rate charged. 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, 2021 and 2020 was \$16.8 million and \$11.6 million, respectively, and are generally recognized as revenue within a one-year period.

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 revenue. 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, audiovisual services. We evaluate each of these contracts to determine if the hotel is the principal or the agent in the transaction, and record the revenue as appropriate (i.e. gross vs. net).

Other hotel revenue consists of ancillary revenue at the property, including attrition and cancellation fees, resort and destination fees, spas, parking, entertainment and other guest services, as well as rental revenue primarily from leased retail outlets at our hotel properties. Cancellation fees are recognized from non-cancellable deposits when the customer provides notification of cancellation in accordance with established management policy time frames.

Taxes collected from customers and submitted to taxing authorities are not recorded in revenue. Interest income is recognized when earned.

**ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**Other Hotel Expenses**—Other hotel expenses include Internet, telephone charges, guest laundry, valet parking, and hotel-level general and administrative, sales and marketing expenses, repairs and maintenance, franchise fees and utility costs. They are expensed as incurred.

**Advertising Costs**—Advertising costs are charged to expense as incurred. For the years ended December 31, 2021, 2020 and 2019, we incurred advertising costs of \$6.8 million, \$4.3 million and \$10.4 million, respectively. Advertising costs are included in “other” hotel expenses in the accompanying 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. PSUs and Performance LTIP units granted to certain executive officers vest based on market conditions and are measured at the grant date fair value based on a Monte Carlo simulation valuation model.

With respect to the 2019 and 2020 award agreements, the number of Performance LTIP units actually earned may range from 0% to 200% of target based on achievement of specified absolute and relative total stockholder returns based on the formulas 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 literatures. 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 award agreements, the criteria for the Performance LTIP units are based on performance conditions and market conditions under the relevant literature. The corresponding compensation cost is recognized, based on the grant date fair value of the award, ratably over the service period for the award as the service is rendered, which may vary from period to period, as the number of performance grants earned may vary based on the estimated probable achievement of certain performance targets (performance conditions). The number of Performance LTIP Units to be earned based on the applicable performance conditions is determined upon the final vesting date. The initial calculation of the Performance LTIP units earned can range from 0% to 200% of target, which is further subjected to a specified absolute total stockholder return modifier (market condition) based on the formulas determined by the Company’s compensation committee on the grant date. This will result in an adjustment (75% to 125%) of the initial calculation of the number of performance awards earned based on the applicable performance targets resulting in a final award calculation ranging from 0% to 250% of the target amount.

Stock/unit grants to certain independent directors are measured at the grant date based on the market price of the shares at grant date, which amount is fully expensed as the grants of stock/units are fully vested on the date of grant.

**Depreciation and Amortization**—Depreciation expense is based on the estimated useful life of the assets, while amortization expense for leasehold improvements is based on 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 and amortization 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 taxable REIT subsidiaries. However, Ashford TRS is treated as a taxable REIT subsidiary for U.S. federal income tax purposes. In accordance with authoritative accounting guidance, we account for income taxes related to Ashford TRS 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 19.

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

**ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

jurisdiction and various states and cities. Tax years 2017 through 2021 remain subject to potential examination by certain federal 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 January 2020, the FASB issued ASU 2020-01, *Investments - Equity Securities (Topic 321), Investments-Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815) - Clarifying the Interactions between Topic 321, Topic 323, and Topic 815 (a consensus of the Emerging Issues Task Force)* (“ASU 2020-01”), which clarifies the interaction between the accounting for equity securities, equity method investments, and certain derivative instruments. The ASU, among other things, clarifies that a company should consider observable transactions that require a company to either apply or discontinue the equity method of accounting under Topic 323, Investments-Equity Method and Joint Ventures, for the purposes of applying the measurement alternative in accordance with Topic 321 immediately before applying or upon discontinuing the equity method. ASU 2020-01 is effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years and should be applied prospectively. We adopted the standard effective January 1, 2021, and the adoption of this standard did not have a material impact on our consolidated financial statements.

**Recently Issued Accounting Standards**—In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848)* (“ASU 2020-04”). ASU 2020-04 contains practical expedients for reference rate reform-related activities that impact debt, leases, derivatives and other contracts. The guidance in ASU 2020-04 is optional and may be elected over time as reference rate reform activities occur. The Company continues to evaluate the impact of the guidance and may apply the elections as applicable as changes in the market occur.

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 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. We plan to adopt ASU 2020-06 effective January 1, 2022, and do not expect the adoption to have a material impact on our consolidated financial statements and related disclosures.



**ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**3. Revenue**

The following tables present our revenue disaggregated by geographical areas (in thousands):

Primary Geographical Market	Year Ended December 31, 2021					
	Number of Hotels	Rooms	Food and Beverage	Other Hotel	Other	Total
Atlanta, GA Area .....	9	\$ 47,120	\$ 9,085	\$ 4,400	\$ —	\$ 60,605
Boston, MA Area .....	2	25,426	2,153	3,576	—	31,155
Dallas / Ft. Worth Area .....	7	36,169	5,646	2,668	—	44,483
Houston, TX Area .....	3	19,169	3,380	470	—	23,019
Los Angeles, CA Metro Area .....	6	54,564	7,553	4,803	—	66,920
Miami, FL Metro Area .....	2	18,559	3,846	723	—	23,128
Minneapolis - St. Paul, MN - WI Area .....	2	7,188	1,826	855	—	9,869
Nashville, TN Area .....	1	32,774	11,928	3,714	—	48,416
New York / New Jersey Metro Area .....	6	32,777	9,004	2,018	—	43,799
Orlando, FL Area .....	2	15,843	679	1,517	—	18,039
Philadelphia, PA Area .....	3	16,859	1,252	738	—	18,849
San Diego, CA Area .....	2	12,392	458	1,258	—	14,108
San Francisco - Oakland, CA Metro Area .....	7	40,504	2,531	2,505	—	45,540
Tampa, FL Area .....	2	19,774	2,355	877	—	23,006
Washington D.C. - MD - VA Area .....	9	51,615	6,330	4,642	—	62,587
Other Areas .....	37	219,505	26,724	17,429	—	263,658
Orlando WorldQuest .....	—	3,794	153	877	—	4,824
Disposed properties .....	3	1,089	8	42	—	1,139
Corporate .....	—	—	—	—	2,267	2,267
Total .....	103	\$ 655,121	\$ 94,911	\$ 53,112	\$ 2,267	\$ 805,411

Primary Geographical Market	Year Ended December 31, 2020					
	Number of Hotels	Rooms	Food and Beverage	Other Hotel	Other	Total
Atlanta, GA Area .....	9	\$ 28,047	\$ 5,513	\$ 3,096	\$ —	\$ 36,656
Boston, MA Area .....	2	9,645	896	2,441	—	12,982
Dallas / Ft. Worth Area .....	7	22,491	4,896	2,025	—	29,412
Houston, TX Area .....	3	11,418	2,854	394	—	14,666
Los Angeles, CA Metro Area .....	6	34,182	4,461	2,721	—	41,364
Miami, FL Metro Area .....	2	8,643	2,509	302	—	11,454
Minneapolis - St. Paul, MN - WI Area .....	2	3,932	990	216	—	5,138
Nashville, TN Area .....	1	12,105	5,591	2,239	—	19,935
New York / New Jersey Metro Area .....	6	20,130	4,254	1,517	—	25,901
Orlando, FL Area .....	2	8,415	532	952	—	9,899
Philadelphia, PA Area .....	3	9,888	1,426	352	—	11,666
San Diego, CA Area .....	2	6,998	322	665	—	7,985
San Francisco - Oakland, CA Metro Area .....	7	33,888	2,299	1,568	—	37,755
Tampa, FL Area .....	2	11,325	2,449	906	—	14,680
Washington D.C. - MD - VA Area .....	9	31,446	4,737	3,242	—	39,425
Other Areas .....	37	127,643	16,317	12,581	—	156,541
Orlando WorldQuest .....	—	1,571	24	547	—	2,142
Disposed properties .....	17	25,725	1,087	2,092	—	28,904
Corporate .....	—	—	—	—	1,733	1,733
Total .....	117	\$ 407,492	\$ 61,157	\$ 37,856	\$ 1,733	\$ 508,238

**ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

Primary Geographical Market	Year Ended December 31, 2019					
	Number of Hotels	Rooms	Food and Beverage	Other Hotel	Other	Total
Atlanta, GA Area .....	9	\$ 72,572	\$ 18,878	\$ 4,650	\$ —	\$ 96,100
Boston, MA Area .....	2	54,276	7,072	3,605	—	64,953
Dallas / Ft. Worth Area .....	7	59,926	15,813	3,486	—	79,225
Houston, TX Area .....	3	26,038	9,208	809	—	36,055
Los Angeles, CA Metro Area .....	6	78,689	16,117	5,237	—	100,043
Miami, FL Metro Area .....	2	21,356	8,578	797	—	30,731
Minneapolis - St. Paul, MN - WI Area .....	2	16,772	5,934	472	—	23,178
Nashville, TN Area .....	1	51,628	22,356	2,356	—	76,340
New York / New Jersey Metro Area .....	6	74,076	23,601	2,847	—	100,524
Orlando, FL Area .....	2	22,891	1,836	1,287	—	26,014
Philadelphia, PA Area .....	3	24,469	3,903	723	—	29,095
San Diego, CA Area .....	2	17,838	1,395	1,015	—	20,248
San Francisco - Oakland, CA Metro Area .....	7	91,081	9,628	2,627	—	103,336
Tampa, FL Area .....	2	25,187	7,858	1,112	—	34,157
Washington D.C. - MD - VA Area .....	9	124,056	26,231	8,333	—	158,620
Other Areas .....	37	299,271	57,162	22,663	—	379,096
Orlando WorldQuest .....	—	4,066	102	1,333	—	5,501
Disposed properties .....	21	120,795	8,245	6,301	—	135,341
Corporate .....	—	—	—	—	4,202	4,202
Total .....	121	\$ 1,184,987	\$ 243,917	\$ 69,653	\$ 4,202	\$ 1,502,759

#### 4. Investments in Hotel Properties, net

Investments in hotel properties, net consisted of the following (in thousands):

	December 31, 2021	December 31, 2020
Land .....	\$ 626,917	\$ 630,690
Buildings and improvements .....	3,711,006	3,751,588
Furniture, fixtures and equipment .....	298,121	388,428
Construction in progress .....	16,370	16,192
Condominium properties .....	10,739	11,707
Total cost .....	4,663,153	4,798,605
Accumulated depreciation .....	(1,432,443)	(1,371,623)
Investments in hotel properties, net .....	\$ 3,230,710	\$ 3,426,982

The cost of land and depreciable property, net of accumulated depreciation, for U.S. federal income tax purposes was approximately \$2.9 billion and \$3.0 billion as of December 31, 2021 and 2020, respectively.

For the years ended December 31, 2021, 2020 and 2019, we recognized depreciation expense of \$218.5 million, \$252.4 million and \$268.4 million, respectively.

#### 5. Hotel Disposition and Impairment Charges

##### *Hotel Dispositions*

On January 20, 2021, the Company sold the Le Meridien in Minneapolis, Minnesota, for approximately \$7.9 million in cash. The sale resulted in a loss of approximately \$90,000 for the year ended December 31, 2021, which was included in “gain (loss) on disposition of assets and hotel properties” in the consolidated statement of operations.

In February 2021, the Company was informed by its lender that it had initiated foreclosure proceedings for the foreclosure of the SpringHill Suites Durham and SpringHill Suites Charlotte, which secured the Company’s \$19.4 million mortgage loan. The foreclosure proceedings were completed on April 29, 2021 and resulted in a gain on extinguishment of debt of approximately \$10.6 million for the year ended December 31, 2021, which was included in “gain (loss) on extinguishment of debt” in the consolidated statements of operations. See note 7.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

On March 9, 2020, the Company sold the Crowne Plaza in Annapolis, Maryland for approximately \$5.1 million in cash. The net carrying value was approximately \$2.1 million. The sale resulted in a gain of approximately \$3.7 million for the year ended December 31, 2020, which was included in “gain (loss) on disposition of assets and hotel properties” in the consolidated statements of operations.

On May 12, 2020, the lender who held the mortgage note secured by the Embassy Suites New York Manhattan Times Square (\$108.8 million mortgage loan and \$36.2 million in mezzanine loans) sent the Company an acceleration notice which accelerated all payments due under the applicable loan documents. To remedy the acceleration notice, on August 19, 2020 the Company sold the Embassy Suites New York Manhattan Times Square for approximately \$143.9 million of consideration, which consisted of \$35.1 million in cash and \$108.8 million in the form of the assumption of the mortgage loan. The sale resulted in a loss of approximately \$40.4 million for the year ended December 31, 2020, which was included in “gain (loss) on disposition of assets and hotel properties” in the consolidated statements of operations. See note 7.

On June 22, 2020, the lender for the W Hotel in Minneapolis, Minnesota (\$45.8 million mortgage loan and \$5.8 million mezzanine loan) sent to the Company a notice of UCC sale, which provided that the respective lender would sell the subsidiaries of the Company that own the respective hotel in a public auction. On September 15, 2020, the Company completed a consensual assignment of 100% of the equity interests in the owner of the W Hotel, which resulted in a gain on extinguishment of debt of approximately \$1.1 million for the year ended December 31, 2020, which was included in “gain (loss) on extinguishment of debt” in the consolidated statements of operations. See note 7.

On July 9, 2020, the mortgage, senior mezzanine and junior mezzanine loans with a principal amount of \$144.2 million, and securing the Courtyard Billerica, Hampton Inn Columbus Easton, Hampton Inn Phoenix Airport, Homewood Suites Pittsburgh Southpointe, Hampton Inn Pittsburgh Waterfront, Hampton Inn Pittsburgh Washington, Residence Inn Stillwater and Courtyard Wichita (the “Rockbridge Portfolio”) matured and the Company failed to repay the loans on such maturity date. On August 19, 2020, the Company completed a consensual assignment of the entities that own the Rockbridge Portfolio in lieu of a UCC sale, which resulted in a gain on extinguishment of debt of approximately \$65.2 million for the year ended December 31, 2020, which was included in “gain (loss) on extinguishment of debt” in the consolidated statement of operations. See note 7.

On July 23, 2020, the lender for the Courtyard Louisville, Courtyard Ft. Lauderdale and Residence Inn Lake Buena Vista (collectively “MS C1” with a \$56.0 million mortgage loan and \$8.0 million mezzanine loan) sent to us a notice of UCC sale, which provided that the respective lender would sell the subsidiaries of the Company that own the respective hotels in a public auction. On September 21, 2020, the mezzanine lender for MS C1 conducted a UCC-foreclosure of its collateral consisting of 100% of the equity interests of the Courtyard Louisville, Courtyard Ft. Lauderdale and Residence Inn Buena Vista hotels, which resulted in a gain on extinguishment of debt of approximately \$19.7 million for the year ended December 31, 2020, which was included in “gain (loss) on extinguishment of debt” in the consolidated statements of operations. See note 7.

On August 2, 2019, the Company sold the Marriott in San Antonio, Texas for \$34.0 million in cash. The sale resulted in a gain of approximately \$2.6 million for the year ended December 31, 2019, which was included in “gain (loss) on disposition of assets and hotel properties” in the consolidated statements of operations. The Company also repaid approximately \$26.8 million of debt associated with the hotel property. See note 7.

On August 6, 2019, the Company sold the Hilton Garden Inn in Wisconsin Dells, Wisconsin for \$8.0 million in cash. The sale resulted in a loss of approximately \$292,000 for the year ended December 31, 2019, which was included in “gain (loss) on disposition of assets and hotel properties” in the consolidated statements of operations. The Company also repaid approximately \$7.7 million of debt associated with the hotel property. See note 7.

On August 14, 2019, the Company sold the Courtyard by Marriott in Savannah, Georgia for approximately \$29.8 million in cash. The sale resulted in a loss of approximately \$60,000 for the year ended December 31, 2019, which was included in “gain (loss) on disposition of assets and hotel properties” in the consolidated statements of operations. The Company also repaid approximately \$28.8 million of debt associated with the hotel property. See note 7.

On December 3, 2019, the Company sold the SpringHill Suites Jacksonville for approximately \$11.2 million in cash. The sale resulted in a gain of approximately \$3.8 million for the year ended December 31, 2019, which was included in “gain (loss) on sale of assets and hotel properties” in the consolidated statements of operations.

The results of operations for these hotel properties are included in net income (loss) through the date of disposition as shown in the consolidated statements of operations for the years ended December 31, 2021, 2020 and 2019. The following table

**ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES**  
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includes condensed financial information from these hotel properties in the consolidated statements of operations for the years ended December 31, 2021, 2020 and 2019 (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Total hotel revenue .....	\$ 1,139	\$ 28,904	\$ 135,341
Total hotel operating expenses .....	(1,314)	(25,220)	(85,328)
Gain (loss) on disposition of assets and hotel properties .....	237	(36,680)	6,042
Property taxes, insurance and other .....	(94)	(7,169)	(12,058)
Depreciation and amortization .....	(206)	(13,823)	(25,074)
Impairment charges .....	—	(91,721)	(33,628)
Operating income (loss) .....	(238)	(145,709)	(14,705)
Interest income .....	—	11	62
Interest expense and amortization of discounts and loan costs .....	(624)	(23,026)	(27,521)
Write-off of premiums, loan costs and exit fees .....	—	(21)	(524)
Gain (loss) on extinguishment of debt .....	10,566	90,349	—
Income (loss) before income taxes .....	9,704	(78,396)	(42,688)
(Income) loss before income taxes attributable to redeemable noncontrolling interests in operating partnership .....	(183)	10,337	6,692
Net income (loss) before income taxes attributable to the Company .....	<u>\$ 9,521</u>	<u>\$ (68,059)</u>	<u>\$ (35,996)</u>

***Impairment Charges***

For the years ended December 31, 2021, 2020 and 2019, we recorded impairment charges of \$0, \$91.7 million and \$33.6 million, respectively.

For the three months ended March 31, 2020, we recorded an impairment charge of \$27.6 million. The impairment charge was comprised of \$13.9 million at the Columbus Hampton Inn Easton, \$10.0 million at the Canonsburg Homewood Suites Pittsburgh Southpointe and \$3.7 million at the Phoenix Hampton Inn Airport North as a result of reduced estimated cash flows resulting from the COVID-19 pandemic and changes to the expected holding periods of these hotel properties. Each impairment charge was based on methodologies which include the development of the discounted cash flow method of the income approach with support based on the market approach, which are considered Level 3 valuation techniques.

On July 9, 2020, the non-recourse mortgage loan secured by the Rockbridge Portfolio matured. The lender provided notice of UCC sale, which resulted in the sale of the subsidiaries of the Company that own the respective hotels in a public auction. As a result, the estimated fair value of each hotel property was compared to its carrying value, as of June 30, 2020. During the three months ended June 30, 2020, an impairment charge totaling \$27.6 million was recorded that was comprised of \$1.7 million at the Columbus Hampton Inn Easton, \$3.0 million at the Pittsburgh Hampton Inn Waterfront West Homestead, \$3.0 million at the Washington Hampton Inn Pittsburgh Meadow Lands, \$1.8 million at the Cannonsburg Homewood Suites Pittsburgh Southpointe, \$2.4 million at the Stillwater Residence Inn, \$9.5 million at the Billerica Courtyard by Marriott Boston, and \$6.1 million at the Wichita Courtyard by Marriott Old Town resulting from the difference between the estimated fair value of the property as compared to the net book value at June 30, 2020. We engaged a third-party valuation expert to assist in determining the fair value of the hotel properties. Each impairment charge was based on methodologies which include the development of the discounted cash flow method of the income approach with support based on the market approach, which are considered Level 3 valuation techniques. No further impairment was required during the third quarter of 2020 for the properties, which were disposed of on August 19, 2020.

In conjunction with the disposition of the W Minneapolis, we engaged a third party valuation expert to assist in determining the fair value of the hotel property. For the three months ended September 30, 2020, we recorded an impairment charge of \$29.9 million, the difference between the estimated fair value of the property as compared to the net book value at September 15, 2020. The impairment charge was based on methodologies which include the development of the discounted cash flow method of the income approach with support based on the market approach, which are considered Level 3 valuation techniques.

In December 2020, the Company entered into a purchase and sale agreement to sell the Le Meridien in Minneapolis, Minnesota. We engaged a third party valuation expert to assist in determining the fair value of the hotel property. For the three months ended December 31, 2020, we recorded an impairment charge of \$6.6 million resulting from the difference between the

**ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

estimated fair value of the property and the net book value at December 31, 2020. The impairment charge was based on methodologies which included the development of the discounted cash flow method of the income approach with support based on the market approach, which are considered Level 3 valuation techniques. Le Meridien was sold on January 20, 2021.

During the second quarter of 2019, we recorded impairment charges of \$1.4 million at the Wisconsin Dells Hilton Garden Inn and \$5.1 million at the Savannah Courtyard related to the disposition of the hotel properties. In the fourth quarter of 2019, we recorded impairment charges of \$9.3 million at the Pittsburgh Hampton Inn Waterfront, \$7.6 million at the Stillwater Residence Inn, and \$10.2 million at the Washington Hampton Inn Pittsburgh Meadow Lands. These impairment charges resulted from changes in the estimated holding periods of these hotel properties. The impairment charges were based on methodologies discussed in note 2, which are considered Level 3 valuation techniques.

**6. Investments in Unconsolidated Entities**

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. Our investment is recorded as a component of “investment in unconsolidated entities” in our consolidated balance sheets and is accounted for under the equity method of accounting as we have been deemed to have significant influence over the entity under the applicable accounting guidance. In 2021, the Company made additional investments of \$500,000 in OpenKey. As of December 31, 2021, the Company has made investments in OpenKey totaling approximately \$5.5 million.

In November of 2021, the Company made an initial investment of \$8.5 million in 815 Commerce MM, which is developing the Le Meridien Fort Worth.

The following table summarizes our carrying value and ownership interest in OpenKey:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Carrying value of the investment in OpenKey (in thousands) .....	\$ 2,771	\$ 2,811
Ownership interest in OpenKey .....	16.7 %	17.5 %
Carrying value of the investment in 815 Commerce MM (in thousands) .....	\$ 8,482	\$ —
Ownership interest in 815 Commerce MM .....	32.5 %	— %

The following table summarizes our equity in earnings (loss) of unconsolidated entities (in thousands):

	<b>Year Ended December 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
OpenKey .....	\$ (540)	\$ (448)	\$ (411)
815 Commerce MM .....	(18)	—	—

We review our investments in OpenKey and 815 Commerce MM for impairment 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 entities. No such impairment was recorded for the years ended December 31, 2021, 2020 and 2019.

**ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**7. Indebtedness, net**

Indebtedness consisted of the following (in thousands):

Indebtedness	Collateral	Maturity	Interest Rate <sup>(1)</sup>	Default Rate <sup>(2)</sup>	December 31, 2021		December 31, 2020	
					Debt Balance	Book Value of Collateral	Debt Balance	Book Value of Collateral
Mortgage loan <sup>(4)</sup>	1 hotel	November 2021	6.26%	n/a	\$ —	\$ —	\$ 84,544	\$ 101,521
Mortgage loan <sup>(5)</sup>	8 hotels	February 2022	LIBOR <sup>(3)</sup> + 3.07%	n/a	395,000	294,382	395,000	311,023
Mortgage loan <sup>(6)</sup>	2 hotels	March 2022	LIBOR <sup>(3)</sup> + 2.75%	n/a	240,000	212,889	240,000	224,022
Mortgage loan <sup>(7)</sup>	19 hotels	April 2022	LIBOR <sup>(3)</sup> + 3.20%	n/a	910,694	968,078	914,281	1,020,462
Mortgage loan <sup>(8)</sup>	7 hotels	June 2022	LIBOR <sup>(3)</sup> + 3.65%	n/a	180,720	122,346	180,720	125,266
Mortgage loan <sup>(8)</sup>	7 hotels	June 2022	LIBOR <sup>(3)</sup> + 3.39%	n/a	174,400	120,065	174,400	124,613
Mortgage loan <sup>(8)</sup>	5 hotels	June 2022	LIBOR <sup>(3)</sup> + 3.73%	n/a	221,040	152,371	221,040	163,550
Mortgage loan <sup>(8)</sup>	5 hotels	June 2022	LIBOR <sup>(3)</sup> + 4.02%	n/a	262,640	84,690	262,640	94,111
Mortgage loan <sup>(8)</sup>	5 hotels	June 2022	LIBOR <sup>(3)</sup> + 2.73%	n/a	160,000	171,440	160,000	178,377
Mortgage loan <sup>(8)</sup>	5 hotels	June 2022	LIBOR <sup>(3)</sup> + 3.68%	n/a	215,120	174,749	215,120	190,650
Mortgage loan <sup>(9)</sup>	1 hotel	July 2022	LIBOR <sup>(3)</sup> + 3.95%	n/a	33,200	36,116	34,200	38,549
Mortgage loan <sup>(10)(11)</sup>	1 hotel	November 2022	LIBOR <sup>(3)</sup> + 2.00%	n/a	—	—	98,259	180,312
Mortgage loan <sup>(12)</sup>	17 hotels	November 2022	LIBOR <sup>(3)</sup> + 3.00%	n/a	419,000	226,178	419,000	238,886
Mortgage loan <sup>(13)</sup>	1 hotel	November 2022	LIBOR <sup>(3)</sup> + 2.70%	n/a	25,000	46,833	25,000	48,231
Mortgage loan <sup>(14)</sup>	1 hotel	December 2022	LIBOR <sup>(3)</sup> + 2.25%	n/a	16,100	24,519	16,100	26,046
Mortgage loan <sup>(15)</sup>	1 hotel	January 2023	LIBOR <sup>(3)</sup> + 3.40%	n/a	37,000	54,837	37,000	56,784
Mortgage loan	1 hotel	June 2023	LIBOR <sup>(3)</sup> + 2.45%	n/a	73,450	102,317	73,450	105,359
Mortgage loan	1 hotel	January 2024	5.49%	n/a	6,492	6,943	6,706	7,456
Mortgage loan	1 hotel	January 2024	5.49%	n/a	9,474	15,196	9,786	17,172
Term loan <sup>(16)(17)(18)</sup>	Equity	January 2024	16.00%	n/a	200,000	—	—	—
Mortgage loan <sup>(19)</sup>	1 hotel	May 2024	4.99%	n/a	6,150	6,156	6,260	6,494
Mortgage loan	1 hotel	June 2024	LIBOR <sup>(3)</sup> + 2.00%	n/a	8,881	6,968	8,881	6,980
Mortgage loan	2 hotels	August 2024	4.85%	n/a	11,427	9,326	11,774	10,466
Mortgage loan	3 hotels	August 2024	4.90%	n/a	22,853	14,347	23,542	15,805
Mortgage loan <sup>(4)</sup>	1 hotel	November 2024	LIBOR <sup>(3)</sup> + 4.65%	n/a	84,000	93,848	—	—
Mortgage loan <sup>(20)</sup>	3 hotels	February 2025	4.45%	4.00%	50,098	59,578	50,098	64,816
Mortgage loan <sup>(21)</sup>	2 hotels	February 2025	4.45%	n/a	—	—	19,369	9,859
Mortgage loan	1 hotel	March 2025	4.66%	n/a	23,883	42,915	24,415	42,778
Mortgage loan <sup>(11)</sup>	1 hotel	August 2025	LIBOR <sup>(3)</sup> + 3.80%	n/a	98,000	174,743	—	—
					<u>3,884,622</u>	<u>\$ 3,221,830</u>	<u>3,711,585</u>	<u>\$ 3,409,588</u>
Premiums (discounts), net					(32,777)		(288)	
Capitalized default interest and late charges					23,511		27,444	
Deferred loan costs, net					(15,440)		(9,830)	
Embedded debt derivative					27,906		—	
Indebtedness, net					<u>\$ 3,887,822</u>		<u>\$ 3,728,911</u>	

<sup>(1)</sup> Interest rates do not include default or late payment rates in effect on some mortgage loans.

<sup>(2)</sup> Default rates are presented for mortgage loans which were in default, in accordance with the terms and conditions of the applicable mortgage agreement, as of December 31, 2021. The default rate is accrued in addition to the stated interest rate.

<sup>(3)</sup> LIBOR rates were 0.101% and 0.144% at December 31, 2021 and December 31, 2020, respectively.

<sup>(4)</sup> Effective November 1, 2021, we refinanced this mortgage loan totaling \$78.4 million with a new \$84.0 million loan with \$2.0 million of future additional funding available. The new mortgage loan has a three-year initial term and has two one-year extension option, subject to the satisfaction of certain conditions. The new mortgage loan is interest only and bears interest at a rate of LIBOR + 4.65%. This mortgage loan has a LIBOR floor of 0.10%.

<sup>(5)</sup> Effective January 19, 2021, we executed a loan modification and reinstatement agreement for this mortgage loan. In connection with the agreement, monthly FF&E escrow deposits were waived from April 2020 through December 2020, and monthly tax escrow deposits were waived from April 2020 through June 2020. This mortgage loan has five one-year extension options, subject to satisfaction of certain conditions. The third one-year extension period began in February 2022.

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- (6) Effective April 1, 2021, we amended this mortgage loan. Terms of the agreement included monthly FF&E escrow deposits being waived through December 31, 2021. This mortgage loan has five one-year extension options, subject to satisfaction of certain conditions. The second one-year extension period will begin in March 2022.
- (7) This mortgage loan has five one-year extension options, subject to satisfaction of certain conditions. The second one-year extension period began in April 2021.
- (8) This mortgage loan has five one-year extension options, subject to satisfaction of certain conditions. The second one-year extension period began in June 2021.
- (9) This mortgage loan has five one-year extension options, subject to satisfaction of certain conditions. This mortgage loan has a LIBOR floor of 0.25%.
- (10) Effective March 5, 2021, we amended this mortgage loan. Terms of the agreement included monthly FF&E escrow deposits being waived through July 1, 2021.
- (11) On August 25, 2021, we refinanced this mortgage loan totaling \$97.4 million with a new \$98.0 million mortgage loan with a four-year initial term and one, one-year extension option, subject to the satisfaction of certain conditions. The new mortgage loan is interest only and bears interest at a rate of LIBOR + 3.80%.
- (12) Effective February 9, 2021, we executed an agreement regarding existing default and extension options for this mortgage loan. In connection with the agreement, monthly FF&E escrow deposits were waived through December 2021. This mortgage loan has five one-year extension options, subject to satisfaction of certain conditions. The third one-year extension period began in November 2021.
- (13) This mortgage loan has three one-year extension options, subject to satisfaction of certain conditions. The second one-year extension option began in November 2021. This mortgage loan has a LIBOR floor of 1.25%.
- (14) This mortgage loan has two one-year extension options, subject to satisfaction of certain conditions. This mortgage loan has a LIBOR floor of 0.25%.
- (15) This mortgage loan has two one-year extension options, subject to satisfaction of certain conditions.
- (16) Effective January 15, 2021, we entered into a term loan agreement with an initial draw of \$200 million and a total commitment of \$450 million. During the initial two year term, interest may be paid-in-kind by capitalizing the accrued amount. The initial draw of this term loan is interest only and bears interest at a fixed rate of 16.0% for the first two years and 14.0% thereafter. This term loan has a three-year initial term and two one-year extension options, subject to satisfaction of certain conditions.
- (17) On October 12, 2021, we amended this term loan agreement. Terms of the amendment included (i) extending the maturity date of the \$250 million of additional commitment by one year, (ii) suspending certain covenants during the additional commitment period, (iii) suspending the subordinate advisory fees as long as interest and preferred dividends are paid current, (iv) allowing the lender to elect and receive the exit fee warrants at any time, and (v) if the exit fee warrants are sold at a per share common stock price in excess of \$40, then 25% of the excess shall reduce the principal owed.
- (18) On November 23, 2021, we repaid \$23.4 million of principal associated with paid-in-kind interest that had been capitalized into the principal balance of this term loan.
- (19) On December 31, 2021, we executed a forbearance agreement for this mortgage loan. Terms of the agreement included a partial deferral of principal and interest payments from April 2020 through April 2021. Deferred principal and interest are to be repaid in monthly installments from January 2022 through June 2023. Monthly FF&E escrow deposits were waived from April 2020 through April 2021.
- (20) As of December 31, 2021, this mortgage loan was in default under the terms and conditions of the mortgage loan agreement. Default interest has been accrued, in accordance with the terms of the mortgage loan agreement, and is reflected in the Company's consolidated balance sheets and statements of operations.
- (21) Effective April 29, 2021, we disposed of the properties securing this mortgage loan. The assets and liabilities associated with this mortgage loan were removed from the Company's consolidated balance sheet.

We recognized net premium (discount) amortization as presented in the table below (in thousands):

Line Item	Year Ended December 31,		
	2021	2020	2019
Interest expense, net of discount amortization .....	\$ (7,142)	\$ 154	\$ 232

The amortization of the net premium (discount) is computed using a method that approximates the effective interest method, which is included in "interest expense and amortization of discounts and loan costs" in the consolidated statements of operations.

Beginning on April 1, 2020, we did not make principal or interest payments under nearly all of our loans, which constituted an "Event of Default" as such term is defined under the applicable loan documents. Pursuant to the terms of the applicable loan documents, such an Event of Default caused an automatic increase in the interest rate on our outstanding loan balance for the period such Event of Default remains outstanding.

In the aggregate, we have entered into forbearance and other agreements with varying terms and conditions that conditionally waive or defer payment defaults for loans with a total outstanding principal balance of approximately \$3.6 billion out of approximately \$3.7 billion in property level debt outstanding as of December 31, 2021. See footnotes in the table above for general terms of the agreements. See note 16 for a discussion of the loan modification agreement with Lismore Capital LLC. The Company continues to have discussions with one of its lenders about a potential loan modification on its property level debt.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

On May 12, 2020, the lender who held the mortgage note secured by the Embassy Suites New York Manhattan Times Square (\$108.8 million mortgage loan and \$36.2 million in mezzanine loans) sent the Company an acceleration notice which accelerated all payments due under the applicable loan documents. To remedy the acceleration notice, on August 19, 2020 the Company sold the Embassy Suites New York Manhattan Times Square for approximately \$143.9 million of consideration, which consisted of \$35.1 million in cash and \$108.8 million in the form of the assumption of the mortgage loan. The sale resulted in a loss of approximately \$40.4 million for the year ended December 31, 2020, which was included in “gain (loss) on disposition of assets and hotel properties” in the consolidated statements of operations. Upon the loan assumption by the buyer, accrued interest was forgiven by the lender and the \$35.1 million of proceeds were used to extinguish the \$36.2 million of mezzanine loans, which resulted in a gain of \$4.3 million which was included in “gain (loss) on extinguishment of debt” in the consolidated statement of operations.

On June 22, 2020, the lender for the W Hotel in Minneapolis, Minnesota (\$45.8 million mortgage loan and a \$5.8 million mezzanine loan) sent the Company a notice of UCC sale, which provided that the respective lender would sell the subsidiaries of the Company that own the respective hotel in a public auction. On September 15, 2020, the Company completed a consensual assignment of 100% of the equity interests in the owner of the W Hotel, which resulted in a gain on extinguishment of debt of approximately \$1.1 million for the year ended December 31, 2020, which was included in “gain (loss) on extinguishment of debt” in the consolidated statements of operations.

On July 9, 2020, the mortgage, senior mezzanine and junior mezzanine loans with an aggregate principal balance of \$144.2 million, secured by the Rockbridge Portfolio, matured and the Company failed to repay the loans on such maturity date. On August 19, 2020, the Company completed a consensual assignment of the entities that own the Rockbridge Portfolio in lieu of a UCC sale, which resulted in a gain on extinguishment of debt of approximately \$65.2 million for the year ended December 31, 2020, which was included in “gain (loss) on extinguishment of debt” in the consolidated statement of operations.

On July 23, 2020, the lender for MS C1 (\$56.0 million mortgage loan and an \$8.0 million mezzanine loan) sent the Company a notice of UCC sale, which provided that the respective lender would sell the subsidiaries of the Company that own the respective hotels in a public auction. On September 21, 2020, the mezzanine lender for MS C1 conducted a UCC-foreclosure of its collateral consisting of 100% of the equity interests of the Courtyard Louisville, Courtyard Ft. Lauderdale and Residence Inn Buena Vista hotels, which resulted in a gain on extinguishment of debt of approximately \$19.7 million for the year ended December 31, 2020, which was included in “gain (loss) on extinguishment of debt” in the consolidated statements of operations.

On January 15, 2021, the Company entered into a credit agreement (as amended, the “Oaktree Credit Agreement”) with certain funds and accounts managed by Oaktree Capital Management, L.P. (the “Lenders” or “Oaktree”) and Oaktree Fund Administration, LLC, as administrative agent (the “Administrative Agent”). The Oaktree Credit Agreement provides that, subject to the conditions set forth therein, the Lenders will make available to the borrower a senior secured term loan facility comprised of (a) initial term loans (the “Initial Term Loan”) in an aggregate principal amount of \$200 million, (b) initial delayed draw term loans in an aggregate principal amount of up to \$150 million (the “Initial DDTL”) and (c) additional delayed draw term loans in an aggregate principal amount of up to \$100 million (the “Additional DDTL,” and together with the Initial Term Loan and the Initial DDTL, collectively, the “Loans”), in each case to fund general corporate operations of the Company and its subsidiaries.

The Loans under the Oaktree Credit Agreement will bear interest (a) with respect to the Initial Term Loan and the Initial DDTL, at an annual rate equal to 16% for the first two years, reducing to 14% thereafter and (b) with respect to the Additional DDTL, at an annual rate equal to 18.5% for the first two years, reducing to 16.5% thereafter. Interest payments on the Loans will be due and payable in arrears on the last business day of March, June, September and December of each calendar year and the maturity date. For the first two years following the closing of the Oaktree Credit Agreement, the borrower will have the option to pay accrued interest “in kind” by adding such amount of accrued interest to the outstanding principal balance of the Loans (such interest, “PIK Interest”). The initial maturity date of the Oaktree Credit Agreement (the “Maturity Date”) is three years, with two optional one-year extensions subject to satisfaction of certain terms and conditions. The Lenders shall, subject to certain terms, have the ability to make protective advances to the borrower pursuant to the terms of the Oaktree Credit Agreement to cure defaults with respect to mortgage and mezzanine-level indebtedness of subsidiaries of the borrower having principal balances in excess of \$400 million.

Prior to the amendment described above, based on the provisions in the Oaktree Credit Agreement, the Company was required to pay an exit fee as follows: upon the earliest of the repayment of the Loans in full (including as a result of a change



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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

of control, as defined in the Oaktree Credit Agreement), the Maturity Date, or the acceleration of the Loans following an event of default, as defined in the Oaktree Credit Agreement, the borrower shall pay an exit fee at the Lender's election of either:

a) A cash payment equal to 15% times the amount of Loans advanced under the Oaktree Credit Agreement (including PIK Interest). If the Loans were not accelerated, all or any portion of the cash payment may be paid, at the borrower's discretion, in common stock; or

b) The issuance of warrants for the purchase of 19.9% of the Company's outstanding common stock as of the closing date (calculated on a pro forma basis after giving effect to the warrants) for the Initial Term Loan (as such percentage may be increased by up to 15% dependent on the amount of delayed draw term loans drawn or decreased by up to 4% if the borrower delivers equity pledges from certain subsidiaries, in addition to ordinary course adjustments for recapitalization, stock splits and similar transactions), pursuant to a warrants certificate to be signed upon Lender's election to take warrants.

On October 12, 2021, the Company entered into Amendment No. 1 to the Oaktree Credit Agreement with the Lenders and the Administrative Agent. Amendment No. 1, subject to the conditions set forth therein, among other items: (i) extends the commitment period of the Initial DDTL and Additional DDTL from 30 months to 42 months after the initial closing date of the Credit Agreement, if the Initial Term Loans are repaid in full prior to the expiration of such commitment period (the "DDTL Commitment Period"); (ii) suspends the Company's obligations to comply with certain covenants during the DDTL Commitment Period if no Loans or accrued interest thereon are outstanding; (iii) suspends the Company's obligation to subordinate fees due under the advisory agreement if at any point there is no accrued paid-in-kind interest outstanding or any accrued dividends on any of the Company's preferred stock and the Company has sufficient unrestricted cash to repay in full all outstanding Loans; (iv) permits the Lenders to, at any time, elect to receive the exit fee in warrants for the purchase of common stock of the Company equal to 19.9% of all common stock outstanding on the closing date of the Oaktree Credit Agreement subject to certain upward or downward adjustments; and (v) provides that in the event prior to the termination of the facility, the Lenders elect to receive the exit fee in warrants and any of such warrants are sold at a price per share of common stock in excess of \$40, all obligations owing to the Lenders shall be reduced by an amount equal to 25% of the amount of such excess consideration, subject to certain adjustments.

The exit fee is considered a derivative, under the applicable accounting guidance, which results in bifurcation from the loan resulting in a discount on the loan, but the related derivative liability is reflected in "indebtedness, net" on our consolidated balance sheet. The Company recorded a debt discount equal to the fair value of the embedded debt derivative of \$43.7 million on the issuance date. The debt discount attributed to the embedded debt derivative is being amortized using the effective interest method over the remaining term of the Term Loans and is included in "interest expense and amortization of discounts and loan costs" in the consolidated statement of operations. See notes 9 and 10 for further discussion.

In February 2021, the Company was informed by its lender that it had initiated foreclosure proceedings for the foreclosure of the SpringHill Suites Durham and SpringHill Suites Charlotte, which secured the Company's \$19.4 million mortgage loan. The foreclosure proceedings were completed on April 29, 2021 and resulted in a gain on extinguishment of debt of approximately \$10.6 million for the year ended December 31, 2021, which was included in "gain (loss) on extinguishment of debt" in the consolidated statements of operations.

For the years ended December 31, 2021 and 2020 the Company entered into forbearance and other agreements which were evaluated to be considered troubled debt restructurings due to terms that allowed for deferred interest and the forgiveness of default interest and late charges. No gain or loss was recognized during the years ended December 31, 2021 and 2020 as the carrying amount of the original loans was not greater than the undiscounted cash flows of the modified loans.

Additionally, as a result of the troubled debt restructurings all accrued default interest and late charges were capitalized into the applicable loan balances and will be amortized over the remaining term of the loan using the effective interest method. The amount of default interest and late charges capitalized into the loan balance was \$33.2 million and \$47.5 million during the years ended December 31, 2021 and 2020, respectively. The amount of the capitalized principal that was amortized during the years ended December 31, 2021 and 2020, was \$35.7 million and \$20.0 million, respectively. Additionally, we wrote off \$1.4 million of default interest and late charges related to the refinance of Hilton Boston Back Bay mortgage. These amounts are included in "interest expense and amortization of discounts and loan costs" in the consolidated statement of operations.

We have extension options relating to certain property level loans that will permit us to extend the maturity date of our loans if certain conditions are satisfied at the respective extension dates, including the achievement of debt yield targets required in order to extend such loans. To the extent we decide to extend the maturity date of the debt outstanding under the loans, we may be required to prepay a significant amount of the loans in order to meet the required debt yield targets.

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We are required to maintain certain financial ratios under various debt and related agreements. If we violate covenants in any debt or related 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. As of December 31, 2021, we were in compliance with all covenants related to mortgage loans for which we entered into forbearance and other agreements. We were also in compliance with all covenants under the Oaktree Credit Agreement. 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 Ashford Trust or Ashford Trust OP, our operating partnership, and the liabilities of such subsidiaries do not constitute the obligations of Ashford Trust or Ashford Trust OP.

Maturities and scheduled amortizations of indebtedness as of December 31, 2021 for each of the five following years and thereafter are as follows (in thousands):

2022	\$ 3,255,980
2023	113,577
2024	348,513
2025	166,552
2026	—
Thereafter	—
Total	<u>\$ 3,884,622</u>

## 8. Notes Receivable, net and Other

Notes receivable, net are summarized in the table below (dollars in thousands):

	Interest Rate	December 31, 2021	December 31, 2020
<b>Construction Financing Note <sup>(1) (5)</sup></b>			
Face amount	7.0 %	\$ 4,000	\$ 4,000
Discount <sup>(2)</sup>		—	(143)
		<u>4,000</u>	<u>3,857</u>
<b>Certificate of Occupancy Note <sup>(3) (5)</sup></b>			
Face amount	7.0 %	\$ 5,250	\$ 5,250
Discount <sup>(4)</sup>		(527)	(844)
		<u>4,723</u>	<u>4,406</u>
Notes receivable, net		<u>\$ 8,723</u>	<u>\$ 8,263</u>

<sup>(1)</sup> The outstanding principal balance and all accrued and unpaid interest is due and payable on or before the earlier of (i) the buyer closing on third-party institutional financing for the construction of improvements on the property, (ii) three years after the development commencement date, or (iii) July 9, 2024.

<sup>(2)</sup> The discount represents the imputed interest during the interest-free period. Interest began accruing on July 9, 2021.

<sup>(3)</sup> The outstanding principal balance and all accrued and unpaid interest is due and payable on or before July 9, 2025.

<sup>(4)</sup> The discount represents the imputed interest during the interest-free period. Interest begins accruing on July 9, 2023.

<sup>(5)</sup> The notes receivable are secured by the 1.65-acre land parcel adjacent to the Hilton St. Petersburg Bayfront.

Cash interest income of \$110,000 was recorded for the year ended December 31, 2021. No cash interest income was recorded for the year ended December 31, 2020.

We recognized discount amortization income as presented in the table below (in thousands):

Line Item	Year Ended December 31,		
	2021	2020	2019
Other income (expense)	\$ 460	\$ 554	\$ 119

On January 1, 2020, we adopted the provisions of ASC Topic 326, *Financial Instruments - Credit Losses*. Upon adoption, we evaluated the notes and other receivables under the criteria in ASC Topic 326. Upon adoption, we determined that the

**ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

expected credit loss associated with the notes and other receivables was immaterial. As of December 31, 2021 and December 31, 2020, the expected credit loss associated with the notes and other receivables was immaterial.

Other consideration received from the sale of the 1.65-acre parking lot adjacent to the Hilton St. Petersburg Bayfront is summarized in the table below (dollars in thousands):

	<b>Imputed Interest Rate</b>	<b>December 31, 2020</b>
Future ownership rights of parking parcel.....	7.0 %	\$ 4,100
Imputed interest.....		372
		<u>\$ 4,472</u> <sup>(1)</sup>

<sup>(1)</sup> Included in “other assets” in the consolidated balance sheet.

On August 31, 2021, we obtained access to the parking parcel and capitalized \$4.7 million to “investments in hotel properties, net” in the consolidated balance sheet.

For the years ended December 31, 2021 and 2020, we received reimbursement of \$320,000 and \$240,000 of parking fees and recognized income of \$89,000 and \$9,000, which is included in “other income (expense)” in the consolidated statements of operations while the parking parcel was in development. On August 31, 2021, the parking parcel was completed and we obtained access to utilize the parking parcel.

For the year ended December 31, 2021 and 2020, respectively, we recognized imputed interest income as presented in the table below (in thousands):

<b>Line Item</b>	<b>Year Ended December 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
Other income (expense).....	\$ 211	\$ 300	\$ 72

We recognized amortization expense related to the free use of parking easement as presented in the table below (in thousands):

<b>Line Item</b>	<b>Year Ended December 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
Other income (expense).....	\$ —	\$ (117)	\$ (118)

## **9. Derivative Instruments and Hedging**

**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. The interest rate derivatives currently include interest rate caps and interest rate floors. These derivatives are subject to master netting settlement arrangements. To mitigate the nonperformance risk, we routinely use a third-party’s analysis of the creditworthiness of the counterparties, which supports our belief that the counterparties’ nonperformance risk is limited. All derivatives are recorded at fair value.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

The following table presents a summary of our interest rate derivatives entered into over each applicable period:

	Year Ended December 31,		
	2021	2020	2019
<b>Interest rate caps:</b>			
Notional amount (in thousands).....	\$ 3,415,301 <sup>(1)</sup>	\$ 457,000 <sup>(1)</sup>	\$ 1,051,050 <sup>(1)</sup>
Strike rate low end of range .....	2.00 %	3.00 %	1.50 %
Strike rate high end of range .....	4.00 %	4.00 %	4.88 %
Effective date range .....	January 2021 - October 2021	January 2020 - September 2020	January 2019 - November 2019
Termination date range .....	February 2022 - November 2024	February 2021 - February 2022	June 2020 - February 2022
Total cost (in thousands) .....	\$ 1,158	\$ 83	\$ 1,112
<b>Interest rate floors:</b>			
Notional amount (in thousands).....	\$ —	\$ —	\$ 6,000,000 <sup>(1)</sup>
Strike rate low end of range .....			1.63 %
Strike rate high end of range .....			1.63 %
Effective date range .....			January 2019
Termination date range .....			March 2020
Total cost (in thousands) .....	\$ —	\$ —	\$ 225

<sup>(1)</sup> These instruments were not designated as cash flow hedges.

We held interest rate instruments as summarized in the table below:

	December 31, 2021	December 31, 2020
<b>Interest rate caps:</b>		
Notional amount (in thousands).....	\$ 3,597,301 <sup>(1)</sup>	\$ 842,000 <sup>(1)</sup>
Strike rate low end of range .....	2.00 %	3.00 %
Strike rate high end of range .....	4.00 %	4.00 %
Termination date range .....	February 2022 - November 2024	February 2021 - February 2022
Aggregate principal balance on corresponding mortgage loans (in thousands) .....	\$ 3,438,714	\$ 697,000
<b>Interest rate floors: <sup>(2)</sup></b>		
Notional amount (in thousands).....	\$ —	\$ 25,000 <sup>(1)</sup>
Strike rate low end of range .....		1.25 %
Strike rate high end of range .....		1.25 %
Termination date range .....		November 2021

<sup>(1)</sup> These instruments were not designated as cash flow hedges.

<sup>(2)</sup> Cash collateral is posted by us as well as our counterparties. We offset the fair value of the derivative and the obligation/right to return/reclaim cash collateral.

**Compound Embedded Debt Derivative**—Based on certain provisions in the Oaktree Credit Agreement, the Company is required to pay an exit fee, as described in note 7. Under the applicable accounting guidance, the exit fee is considered an embedded derivative liability that meets the criteria for bifurcation from the debt host. There were other features that were bifurcated, but did not have a material value. The embedded debt derivative was initially measured at fair value and the fair value of the embedded debt derivative is estimated at each reporting period. See note 10.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**10. Fair Value Measurements**

***Fair Value Hierarchy***—For disclosure purposes, financial instruments, whether measured at fair value on a recurring or nonrecurring basis or not measured at fair value, are classified in a hierarchy consisting of three levels based on the observability of valuation inputs in the market place 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.
- 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.

Fair values of interest rate caps and floors are determined using the market standard methodology of discounting the future expected cash receipts that would occur if variable interest rates fell below the strike rates of the floors or rise above the strike rates of the caps. Variable interest rates used in the calculation of projected receipts and payments on the caps, and floors are based on an expectation of future interest rates derived from observable market interest rate curves (LIBOR 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.

Fair values of credit default swaps are obtained from a third-party who publishes various information including the index composition and price data (Level 2 inputs). The fair value of credit default swaps does not contain credit-risk-related adjustments as the change in fair value is settled net through posting cash collateral or reclaiming cash collateral between us and our counterparty.

Fair values of interest rate floors are calculated using a third-party discounted cash flow model based on future cash flows that are expected to be received over the remaining life of the floor. These expected future cash flows are probability-weighted projections based on the contract terms, accounting for both the magnitude and likelihood of potential payments, which are both computed using the appropriate LIBOR forward curve and market implied volatilities as of the valuation date (Level 2 inputs).

The Company initially recorded an embedded debt derivative of \$43.7 million, which was attributed to the compound embedded derivative liability associated with the Oaktree term loan.

The compound embedded derivative liability is considered a Level 3 measurement due to the utilization of significant unobservable inputs in the valuation, which were based on 'with and without' valuation models. Based on the terms and provisions of the Oaktree Credit Agreement, with the assistance of a valuation specialist, the Company utilized a risk neutral model to estimate the fair value of the embedded derivative features requiring bifurcation as of the respective issuance dates and as of the December 31, 2021 reporting date. The risk neutral model is designed to utilize market data and the Company's best estimate of the timing and likelihood of the settlement events that are related to the embedded derivative features in order to estimate the fair value of the respective notes with these embedded derivative features.

The fair value of the notes with the derivative features is compared to the fair value of a plain vanilla note (excluding the derivative features), which is calculated based on the present value of the future default adjusted expected cash flows. The difference between the two values represents the fair value of the bifurcated derivative features as of each respective valuation date.

The key inputs to the valuation models that were utilized to estimate the fair value of the embedded debt derivative are described as follows:

- the default probability-weighted exit fee and prepayment cash flows are based on the contractual terms of the Oaktree Credit Agreement and the expectation of an acceleration event, including default, of the Company;
- the remaining term was determined based on the remaining time period to maturity of the related note with embedded features subject to valuation (as of the respective valuation date);

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- the Company's equity volatility estimate was based on the historical equity volatility of the Company, based on the remaining term of the respective loans;
- the risk-free rate was the discount rate utilized in the valuation and was determined based on reference to market yields for U.S. treasury debt instruments with similar terms;
- the recovery rate assumed upon occurrence of a default event was estimated based upon recovery rate data published by credit rating agencies specific to the seniority of the notes; and
- the probabilities and timing of a default-related acceleration event were estimated using an annualized probability of default which was implied from the debt issuance proceeds as of the issuance date, and updated utilizing relevant market data including market observed option-adjusted spreads as of December 31, 2021.

The following table includes a summary of the compound embedded derivative liabilities measured at fair value using significant unobservable (Level 3) inputs (in thousands):

	<u>Fair Value</u>
Balance at January 1, 2021 .....	\$ —
Additions .....	43,680
Re-measurement of fair value .....	(15,774)
Balance at December 31, 2021 .....	<u>\$ 27,906</u>

Fair values of hotel properties are based on methodologies which include the development of the discounted cash flow method of the income approach with support based on the market approach (Level 3 inputs).

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 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, 2021, the LIBOR interest rate forward curve (Level 2 inputs) assumed an uptrend from 0.101% to 1.500% for the remaining term of our derivatives. Credit spreads (Level 3 inputs) used in determining the fair values of derivatives assumed an uptrend in nonperformance risk for us and all of our counterparties through the maturity dates.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**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 Market Prices (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
<b>December 31, 2021:</b>				
<b>Assets</b>				
Derivative assets:				
Interest rate derivatives - caps .....	\$ —	\$ 501	\$ —	\$ 501 <sup>(1)</sup>
Total .....	<u>\$ —</u>	<u>\$ 501</u>	<u>\$ —</u>	<u>\$ 501</u>
<b>Liabilities</b>				
Embedded debt derivative	\$ —	\$ —	\$ (27,906)	\$ (27,906) <sup>(2)</sup>
Net .....	<u>\$ —</u>	<u>\$ 501</u>	<u>\$ (27,906)</u>	<u>\$ (27,405)</u>
<b>December 31, 2020:</b>				
<b>Assets</b>				
Derivative assets:				
Interest rate derivatives - floors .....	\$ —	\$ 263	\$ —	\$ 263 <sup>(1)</sup>
Total .....	<u>\$ —</u>	<u>\$ 263</u>	<u>\$ —</u>	<u>\$ 263</u>

<sup>(1)</sup> Reported net as “derivative assets” in our consolidated balance sheets.

<sup>(2)</sup> Reported in “indebtedness, net” in our consolidated balance sheet.

**ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

***Effect of Fair Value Measured Assets and Liabilities on Condensed 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		
	Year Ended December 31,		
	2021	2020	2019
<b>Assets</b>			
Derivative assets:			
Interest rate derivatives - floors .....	\$ (643)	\$ 601	\$ (438)
Interest rate derivatives - caps .....	(657)	(130)	(1,666)
Credit default swaps .....	—	407 <sup>(4)</sup>	(2,098) <sup>(4)</sup>
	<u>(1,300)</u>	<u>878</u>	<u>(4,202)</u>
Non-derivative assets:			
Equity .....	—	801	1,980
Total .....	<u>(1,300)</u>	<u>1,679</u>	<u>(2,222)</u>
<b>Liabilities</b>			
Derivative liabilities:			
Credit default swaps .....	—	—	(1,092) <sup>(4)</sup>
Embedded debt derivative .....	15,774	—	—
Net .....	<u>\$ 14,474</u>	<u>\$ 1,679</u>	<u>\$ (3,314)</u>
<b>Total combined</b>			
Interest rate derivatives - floors .....	\$ (624)	\$ 10,106	\$ 362
Interest rate derivatives - caps .....	(657)	(130)	(1,666)
Credit default swaps .....	—	9,974	(3,190)
Embedded debt derivative .....	15,774	—	—
Unrealized gain (loss) on derivatives .....	<u>14,493 <sup>(1)</sup></u>	<u>19,950 <sup>(1)</sup></u>	<u>(4,494) <sup>(1)</sup></u>
Realized gain (loss) on credit default swaps .....	—	(9,567) <sup>(2) (4)</sup>	—
Realized gain (loss) on interest rate floors .....	(19) <sup>(2)</sup>	(9,505) <sup>(2)</sup>	(800) <sup>(2)</sup>
Unrealized gain (loss) on marketable securities .....	—	(1,467) <sup>(3)</sup>	1,896 <sup>(3)</sup>
Realized gain (loss) on marketable securities .....	—	2,268 <sup>(2)</sup>	84 <sup>(2)</sup>
Net .....	<u>\$ 14,474</u>	<u>\$ 1,679</u>	<u>\$ (3,314)</u>

<sup>(1)</sup> Reported as “unrealized gain (loss) on derivatives” in our consolidated statements of operations.

<sup>(2)</sup> Included in “other income (expense)” in our consolidated statements of operations.

<sup>(3)</sup> Reported as “unrealized gain (loss) on marketable securities” in our consolidated statements of operations.

<sup>(4)</sup> Excludes costs of \$881 and \$1.1 million for the years ended December 31, 2020 and 2019, respectively, included in “other income (expense)” associated with credit default swaps.



**ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**11. Summary of Fair Value of Financial Instruments**

Determining estimated fair values of our financial instruments such as notes receivable and indebtedness requires considerable judgment to interpret market data. Market assumptions and/or estimation methodologies used may have a material effect on estimated fair value amounts. Accordingly, estimates presented are not necessarily indicative of amounts at which these instruments could be purchased, sold, or settled. Carrying amounts and estimated fair values of financial instruments, for periods indicated, were as follows (in thousands):

	December 31, 2021		December 31, 2020	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
<b>Financial assets and liabilities measured at fair value:</b>				
Derivative assets .....	\$ 501	\$ 501	\$ 263	\$ 263
Embedded debt derivative .....	27,906	27,906	—	—
<b>Financial assets not measured at fair value:</b>				
Cash and cash equivalents .....	\$ 592,110	\$ 592,110	\$ 92,905	\$ 92,905
Restricted cash .....	99,534	99,534	74,408	74,408
Accounts receivable, net .....	37,720	37,720	21,760	21,760
Notes receivable, net .....	8,723	\$8,287 to \$9,159	8,263	\$7,850 to \$8,676
Due from Ashford Inc., net .....	25	25	—	—
Due from related parties, net .....	7,473	7,473	5,801	5,801
Due from third-party hotel managers .....	26,896	26,896	9,383	9,383
<b>Financial liabilities not measured at fair value:</b>				
Indebtedness .....	\$ 3,851,845	\$3,407,210 to \$3,765,858	\$ 3,711,297	\$3,167,369 to \$3,500,777
Accounts payable and accrued expenses .....	117,650	117,650	99,954	99,954
Accrued interest payable .....	15,432	15,432	98,685	98,685
Dividends and distributions payable .....	3,104	3,104	868	868
Due to Ashford Inc., net .....	—	—	13,383	13,383
Due to related parties, net .....	728	728	—	—
Due to third-party hotel managers .....	1,204	1,204	184	184

*Cash, cash equivalents and restricted cash.* These financial assets bear interest at market rates and have original maturities of less than 90 days. The carrying value approximates fair value due to their short-term nature. This is considered a Level 1 valuation technique.

*Accounts receivable, net, accounts payable and accrued expenses, accrued interest payable, dividends and distributions payable, due to/from related parties, net, due to/from Ashford Inc., net and due to/from third-party hotel managers.* The carrying values of these financial instruments approximate their fair values due to their short-term nature. This is considered a Level 1 valuation technique.

*Notes receivable, net.* The carrying amount of notes receivable, net approximates its fair value. We estimate the fair value of the notes receivable, net to be approximately 95.0% and 105.0% of the carrying value of \$8.7 million at December 31, 2021 and approximately 95.0% to 105.0% of the carrying value of \$8.3 million as of December 31, 2020.

*Derivative assets and embedded debt derivative.* See notes 9 and 10 for a complete description of the methodology and assumptions utilized in determining fair values.

*Indebtedness.* 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. 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 credit spreads. Credit spreads take into consideration general market conditions, maturity, and collateral. We estimated the fair value of total indebtedness to be approximately 88.5% to 97.8% of the carrying value of \$3.9 billion at December 31, 2021 and approximately 85.3% to 94.3% of the carrying value of \$3.7 billion at December 31, 2020. These fair value estimates are considered a Level 2 valuation technique.

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**12. Income (Loss) Per Share**

Basic income (loss) per common share is calculated using the two-class method by dividing net income (loss) attributable to common stockholders by the weighted average number of common shares outstanding during the period. Diluted income (loss) per common share is calculated using the two-class method, or treasury stock method if more dilutive, and 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.

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,		
	2021	2020	2019
<b>Income (loss) allocated to common stockholders - basic and diluted:</b>			
Income (loss) attributable to the Company .....	\$ (267,005)	\$ (543,876)	\$ (113,635)
Less: Dividends on preferred stock .....	(252)	(32,117)	(42,577)
Add: Gain (loss) on extinguishment of preferred stock .....	(607)	55,477	—
Less: Dividends on common stock .....	—	—	(29,840)
Less: Dividends on unvested performance stock units .....	—	—	(475)
Add: Claw back of dividends on cancelled performance stock units .....	349	606	—
Less: Dividends on unvested restricted stock .....	—	—	(801)
Undistributed income (loss) allocated to common stockholders .....	(267,515)	(519,910)	(187,328)
Add back: Dividends on common stock .....	—	—	29,840
Distributed and undistributed income (loss) allocated to common stockholders - basic .....	<u>\$ (267,515)</u>	<u>\$ (519,910)</u>	<u>\$ (157,488)</u>
Net income (loss) attributable to redeemable noncontrolling interests in operating partnership .....	(3,970)	—	—
Distributed and undistributed income (loss) allocated to common stockholders - diluted .....	<u>\$ (271,485)</u>	<u>\$ (519,910)</u>	<u>\$ (157,488)</u>
<b>Weighted average common shares outstanding:</b>			
Weighted average common shares outstanding - basic .....	<u>21,625</u>	<u>1,576</u>	<u>998</u>
Effect of assumed conversion of operating partnership units .....	<u>219</u>	<u>—</u>	<u>—</u>
Weighted average shares outstanding - diluted .....	<u>21,844</u>	<u>1,576</u>	<u>998</u>
<b>Basic income (loss) per share:</b>			
Net income (loss) allocated to common stockholders per share .....	<u>\$ (12.37)</u>	<u>\$ (329.97)</u>	<u>\$ (157.74)</u>
<b>Diluted income (loss) per share:</b>			
Net income (loss) allocated to common stockholders per share .....	<u>\$ (12.43)</u>	<u>\$ (329.97)</u>	<u>\$ (157.74)</u>

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

Due to their anti-dilutive effect, the computation of diluted income (loss) per share does not reflect adjustments for the following items (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Income (loss) allocated to common stockholders is not adjusted for:			
Income (loss) allocated to unvested restricted stock .....	\$ —	\$ —	\$ 801
Income (loss) allocated to unvested performance stock units .....	—	—	475
Income (loss) attributable to redeemable noncontrolling interests in operating partnership .....	—	(89,008) <sup>(1)</sup>	(28,932)
Total .....	<u>\$ —</u>	<u>\$ (89,008)</u>	<u>\$ (27,656)</u>
Weighted average diluted shares are not adjusted for:			
Effect of unvested restricted stock .....	20	1	1
Effect of unvested performance stock units .....	9	—	1
Effect of assumed conversion of operating partnership units .....	—	190	190
Effect of assumed issuance of shares for term loan exit fee .....	1,672	—	—
Total .....	<u>1,701</u>	<u>191</u>	<u>192</u>

<sup>(1)</sup> Inclusive of preferred stock dividends in arrears of \$3.1 million for the year ended December 31, 2020 allocated to redeemable noncontrolling interests in operating partnership.

### 13. Redeemable Noncontrolling Interests in Operating Partnership

Redeemable noncontrolling interests in the operating partnership represents 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 unit holders 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 the units issued under our Long-Term Incentive Plan (the "LTIP units") that are vested. Each common unit may be redeemed 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 ranging from three years to five 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 the 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 the operating partnership or (ii) the hypothetical sale of such assets, which results from a capital account revaluation, as defined in the partnership agreement, for the 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 Ashford Trust OP, if, when and to the extent the applicable vesting criteria have been achieved following the end of the performance and service period.

With respect to the 2019 and 2020 award agreements, the number of Performance LTIP units actually earned may range from 0% to 200% of target based on achievement of specified absolute and relative total stockholder returns based on the formulas 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 literatures. 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.

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During the year ended December 31, 2021, approximately 8,000 performance-based LTIP units granted in 2018 and 2019, 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 \$518,000.

With respect to the 2021 award agreements, the criteria for the Performance LTIP units are based on performance conditions and market conditions under the relevant literature. The corresponding compensation cost is recognized, based on the grant date fair value of the award, ratably over the service period for the award as the service is rendered, which may vary from period to period, as the number of performance grants earned may vary based on the estimated probable achievement of certain performance targets (performance conditions). The number of Performance LTIP Units to be earned based on the applicable performance conditions is determined upon the final vesting date. The initial calculation of the Performance LTIP units earned can range from 0% to 200% of target, which is further subjected to a specified absolute total stockholder return modifier (market condition) based on the formulas determined by the Company's compensation committee on the grant date. This will result in an adjustment (75% to 125%) of the initial calculation of the number of performance awards earned based on the applicable performance targets resulting in a final award calculation ranging from 0% to 250% of the target amount.

As of December 31, 2021, there were approximately 127,000 Performance LTIP units outstanding, representing 200% of the target number granted for the 2020 grants and 250% for the 2021 grants.

As of December 31, 2021, we have issued a total of approximately 320,000 LTIP and Performance LTIP units, net of Performance LTIP cancellations. All LTIP and Performance LTIP units other than approximately 17,000 units (5,000 of which are Performance LTIP units) have reached full economic parity with, and are convertible into, common units upon vesting.

We recorded compensation expense for Performance LTIP units and LTIP units as presented in the table below (in thousands):

Type	Line Item	Year Ended December 31,		
		2021	2020	2019
Performance LTIP units .....	Advisory services fee	\$ 1,128	\$ 1,972	\$ 3,594
LTIP units .....	Advisory services fee	1,119	2,042	3,264
LTIP units .....	Corporate, general and administrative	22	—	—
LTIP units - independent directors .....	Corporate, general and administrative	397	816	446
		<u>\$ 2,666</u>	<u>\$ 4,830</u>	<u>\$ 7,304</u>

The unamortized cost of the unvested Performance LTIP units, which was \$1.6 million at December 31, 2021, will be expensed over a period of 2.0 years with a weighted average period of 1.9 years. The unamortized cost of the unvested LTIP units, which was \$1.3 million at December 31, 2021, will be expensed over a period of 2.2 years with a weighted average period of 2.1 years.

The following table presents the common units redeemed and the fair value upon redemption (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Common units converted to stock .....	1	20	—
Fair value of common units converted .....	\$ 43	\$ 959	\$ —

The following table presents the redeemable noncontrolling interest in Ashford Trust and the corresponding approximate ownership percentage:

	December 31, 2021	December 31, 2020
Redeemable noncontrolling interests (in thousands) .....	\$ 22,742	\$ 22,951
Cumulative adjustments to redeemable noncontrolling interests <sup>(1)</sup> (in thousands) .....	186,756	186,763
Ownership percentage of operating partnership .....	0.63 %	8.51 %

<sup>(1)</sup> Reflects the excess of the redemption value over the accumulated historical costs.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

We allocated net (income) loss to the redeemable noncontrolling interests and declared aggregate cash distributions to holders of common units and holders of LTIP units, as presented in the table below (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Allocated net (income) loss to the redeemable noncontrolling interests .....	\$ 3,970	\$ 89,008	\$ 28,932
Distributions declared to holders of common units, LTIP units and Performance LTIP units .....	—	—	6,572
Performance LTIP dividend claw back upon cancellation .....	(518)	(1,401)	—

A summary of the activity of the units in our operating partnership is as follow (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Outstanding at beginning of year .....	217	219	199
LTIP units issued .....	70	23	3
Performance LTIP units issued .....	122	5	2
Performance LTIP units canceled .....	(8)	(11)	—
Common units issued for hotel acquisition .....	—	—	15
Common units converted to common stock .....	(1)	(19)	—
Outstanding at end of year .....	400	217	219
Common units convertible/redeemable at end of year .....	207	178	186

#### 14. Equity

**Common Stock and Preferred Stock Repurchases**—On December 5, 2017, the board of directors reapproved a stock repurchase program (the “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 and preferred stock having an aggregate value of up to \$200 million. The board of directors’ authorization replaced any previous repurchase authorizations. For the years ended December 31, 2021, 2020 and 2019, no shares of our common stock or preferred stock have been repurchased under the Repurchase Program.

In addition, we acquired 1,420, 3,056 and 2,107 shares of our common stock in 2021, 2020 and 2019, 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 Equity Offering Program**—On December 11, 2017, the Company established an “at-the-market” equity offering program pursuant to which it may, from time to time, sell shares of its common stock having an aggregate offering price of up to \$100 million. As of December 31, 2021, we have issued approximately 437,000 shares of our common stock for gross proceeds of approximately \$27.5 million. The program expired on September 28, 2020.

The table below summarizes the activity (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Common stock issued .....	—	413	—
Gross proceed received .....	\$ —	\$ 12,009	\$ —
Commissions and other expenses .....	—	150	—
Net proceeds .....	\$ —	\$ 11,859	\$ —

**Common Stock Resale Agreements**—On December 7, 2020, the Company and Lincoln Park Capital Fund, LLC (“Lincoln Park”) entered into a purchase agreement (the “First Lincoln Park Purchase Agreement”) pursuant to which the Company may issue or sell to Lincoln Park up to 1.1 million shares of the Company’s common stock from time to time during the term of the First Lincoln Park Purchase Agreement. Meanwhile, both parties also entered into a registration rights agreement, pursuant to which the Company agreed to file a registration statement with the SEC covering the resale of shares of common stock that are issued to Lincoln Park under the First Lincoln Park Purchase Agreement. The Company filed a registration statement on Form

**ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

S-11 on December 11, 2020, which was amended on December 21, 2020, and declared effective by the SEC on December 22, 2020.

Upon entering into the First Lincoln Park Purchase Agreement, the Company issued 19,000 shares of the Company's common stock as consideration for Lincoln Park's execution and delivery of the First Lincoln Park Purchase Agreement. Under the First Lincoln Park Purchase Agreement the Company issued approximately 1.0 million shares of common stock for gross proceeds of approximately \$25.1 million. As of December 31, 2021, all shares available under the First Lincoln Park Purchase Agreement were sold.

The issuance activity is summarized below (in thousands):

	<b>Year Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Shares sold to Lincoln Park .....	205	836
Additional commitment shares .....	—	19
Total shares issued to Lincoln Park .....	<u>205</u>	<u>855</u>
Gross proceeds received .....	<u>\$ 4,590</u>	<u>\$ 20,556</u>

On March 12, 2021, the Company and Lincoln Park entered into an additional purchase agreement (the "Second Lincoln Park Purchase Agreement"), which provided that subject to the terms and conditions set forth therein, the Company may issue or sell to Lincoln Park up to approximately 2.1 million shares of the Company's common stock from time to time during the term of the Second Lincoln Park Purchase Agreement.

Upon entering into the Second Lincoln Park Purchase Agreement, the Company issued 16,000 shares of common stock as consideration for Lincoln Park's execution and delivery of the Second Lincoln Park Purchase Agreement. As of December 31, 2021, all shares available under the Second Lincoln Park Purchase Agreement were sold.

The issuance activity is summarized below (in thousands):

	<b>Year Ended December 31,</b>	
	<b>2021</b>	
Shares sold to Lincoln Park .....		2,050
Additional commitment shares .....		16
Total shares issued to Lincoln Park .....		<u>2,066</u>
Gross proceeds received .....	<u>\$</u>	<u>43,586</u>

***Common Stock Resale Agreements***—On May 17, 2021, the Company and Keystone Capital Partners, LLC ("Keystone") entered into a common stock purchase agreement (the "Keystone Purchase Agreement"), which provides that subject to the terms and conditions set forth therein, the Company may sell to Keystone up to approximately 3.1 million shares of the Company's common stock, from time to time during the term of the Keystone Purchase Agreement.

Upon entering into the Keystone Purchase Agreement, the Company issued to Keystone 4,000 shares of common stock as consideration for Keystone's commitment to purchase shares of common stock upon the Company's direction under the Keystone Purchase Agreement. As of December 31, 2021, all shares available under the Keystone Purchase Agreement were sold.

**ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

The issuance activity is summarized below (in thousands):

	Year Ended December 31, 2021
Shares sold to Keystone .....	3,062
Additional commitment shares .....	4
Total shares issued to Keystone .....	3,066
Gross proceeds received .....	\$ 147,961

**Common Stock Standby Equity Distribution Agreement**—On January 22, 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 approximately 1.4 million shares of its common stock at the Company’s request any time during the commitment period commencing on January 22, 2021. As of December 31, 2021, all shares available under the SEDA were sold.

The issuance activity is summarized below (in thousands):

	Year Ended December 31, 2021
Shares sold to YA .....	1,372
Gross proceeds received .....	\$ 40,556

On June 7, 2021, the Company entered into a second Standby Equity Distribution Agreement (the “Second YA SEDA”) with YA, pursuant to which the Company will be able to sell up to approximately 3.8 million shares of its common stock (the “Commitment Amount”) at the Company’s request any time during the commitment period commencing on June 7, 2021, and terminating on the earliest of (i) the first day of the month next following the 36-month anniversary of the Second YA SEDA or (ii) the date on which YA shall have made payment of Advances (as defined in the Second YA SEDA) pursuant to the Second YA 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 Second YA 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.

There are no other restrictions on future financing transactions. The Second YA 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 \$5,000 structuring fee. As of December 31, 2021, all shares available under the second YA SEDA were sold.

The issuance activity is summarized below (in thousands):

	Year Ended December 31, 2021
Shares sold to YA .....	3,790
Gross proceeds received .....	\$ 165,391

**Common Stock Resale Agreement**—On June 18, 2021, the Company and Seven Knots, LLC (“Seven Knots”) entered into a purchase agreement (the “Seven Knots Purchase Agreement”) pursuant to which the Company may issue or sell to Seven Knots up to approximately 4.0 million shares of the Company’s common stock from time to time during the term of the Seven Knots Purchase Agreement. Meanwhile, both parties also entered into a registration rights agreement, pursuant to which the Company agreed to file a registration statement with the SEC covering the resale of shares of common stock that are issued to Seven Knots under the Seven Knots Purchase Agreement. The Company filed a registration statement on Form S-11 on June 21, 2021,

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which was declared effective by the SEC on July 1, 2021. As of December 31, 2021, all shares available under the Seven Knots Purchase Agreement were sold.

The issuance activity is summarized below (in thousands):

	Year Ended December 31, 2021
Shares sold to Seven Knots .....	4,009
Gross proceeds received .....	\$ 81,279

**Common Stock Resale Agreement**—On July 2, 2021, the Company and B. Riley Principal Capital, LLC (“B. Riley”) entered into a purchase agreement (the “B. Riley Purchase Agreement”) pursuant to which the Company may issue or sell to B. Riley up to approximately 4.6 million shares of the Company’s common stock from time to time during the term of the B. Riley Purchase Agreement. Meanwhile, both parties also entered into a registration rights agreement, pursuant to which the Company agreed to file a registration statement with the SEC covering the resale of shares of common stock that are issued to Seven Knots under the Seven Knots Purchase Agreement. The Company filed a registration statement on Form S-11 on July 2, 2021, which was declared effective by the SEC on July 15, 2021. As of December 31, 2021, all shares available under the B. Riley Purchase Agreement were sold

The issuance activity is summarized below (in thousands):

	Year Ended December 31, 2021
Shares sold to B. Riley .....	4,623
Gross proceeds received .....	\$ 67,989

**Common Stock Resale Agreement**—On September 9, 2021, the Company and M3A LP (“M3A”) entered into a purchase agreement (the “M3A Purchase Agreement”) pursuant to which the Company may issue or sell to M3A up to 6.0 million shares of the Company’s common stock from time to time during the term of the M3A Purchase Agreement. Meanwhile, both parties also entered into a registration rights agreement, pursuant to which the Company agreed to file a registration statement with the SEC covering the resale of shares of common stock that are issued to M3A under the M3A Purchase Agreement. The Company filed a registration statement on Form S-11 on September 10, 2021, which was declared effective by the SEC on September 29, 2021.

The issuance activity is summarized below (in thousands):

	Year Ended December 31, 2021
Shares sold to M3A .....	900
Gross proceeds received .....	\$ 12,941

**Preferred Stock**—In accordance with Ashford Trust’s charter, we are authorized to issue 50 million shares of preferred stock, which currently includes Series D Cumulative Preferred Stock, Series F Cumulative Preferred Stock, Series G Cumulative Preferred Stock, Series H Cumulative Preferred Stock and Series I Cumulative Preferred Stock.

On November 25, 2020, Ashford Trust closed its previously commenced offers to exchange any and all shares of the Company’s 8.45% Series D Cumulative Preferred Stock, par value \$0.01 per share, 7.375% Series F Cumulative Preferred Stock, par value \$0.01 per share, 7.375% Series G Cumulative Preferred Stock, par value \$0.01 per share, 7.50% Series H Cumulative Preferred Stock, par value \$0.01 per share and 7.50% Series I Cumulative Preferred Stock, par value \$0.01 per share for newly issued shares of the Company’s common stock, par value \$0.01.



**ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

The table below summarizes the activity (in thousands):

	Year Ended December 31, 2020		
	Preferred Shares Tendered	Common Shares Initially Issued	Common Shares Issued <sup>(1)</sup>
8.45% Series D Cumulative Preferred Stock .....	575	3,211	321
7.375% Series F Cumulative Preferred Stock .....	1,755	9,791	979
7.375% Series G Cumulative Preferred Stock .....	1,663	9,279	928
7.50% Series H Cumulative Preferred Stock .....	1,029	5,742	574
7.50% Series I Cumulative Preferred Stock .....	1,858	10,366	1,037
	<u>6,880</u>	<u>38,389</u>	<u>3,839</u>

<sup>(1)</sup> Reflects the number of shares issued after the adjustment for the reverse stock split.

From December 8, 2020 through December 31, 2021, Ashford Trust entered into privately negotiated exchange agreements with certain holders of its 8.45% Series D Cumulative Preferred Stock, 7.375% Series F Cumulative Preferred Stock, 7.375% Series G Cumulative Preferred Stock, 7.50% Series H Cumulative Preferred Stock and 7.50% Series I Cumulative Preferred Stock in reliance on Section 3(a)(9) of the Securities Act of 1933, as amended (the “Securities Act”).

The table below summarizes the activity (in thousands):

	Year Ended December 31, 2021			Year Ended December 31, 2020		
	Preferred Shares Tendered	Common Shares Initially Issued	Common Shares Issued <sup>(1)</sup>	Preferred Shares Tendered	Common Shares Initially Issued	Common Shares Issued <sup>(1)</sup>
8.45% Series D Cumulative Preferred Stock .....	617	4,174	653	23	131	13
7.375% Series F Cumulative Preferred Stock .....	1,640	11,185	1,482	154	795	80
7.375% Series G Cumulative Preferred Stock .....	2,891	21,371	2,764	114	573	57
7.50% Series H Cumulative Preferred Stock .....	1,361	10,033	1,217	102	515	52
7.50% Series I Cumulative Preferred Stock .....	2,138	14,735	1,660	151	774	77
	<u>8,647</u>	<u>61,498</u>	<u>7,776</u>	<u>544</u>	<u>2,788</u>	<u>279</u>

<sup>(1)</sup> Reflects the number of shares issued after the adjustment for the reverse stock split.

**8.45% Series D Cumulative Preferred Stock.** At December 31, 2021 and 2020, there were 1.2 million and 1.8 million shares of Series D Cumulative Preferred Stock outstanding, respectively. 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, Series F Cumulative Preferred Stock (noted below), Series G Cumulative Preferred Stock (noted below), Series H Cumulative Preferred Stock (noted below) and Series I Cumulative Preferred Stock (noted 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. 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, in whole or from time to time in part, at a redemption price of \$25 per share plus accrued and unpaid dividends, if any, at the redemption date. Series D Cumulative Preferred Stock quarterly dividends are set at the rate of 8.45% per annum of the \$25.00 liquidation preference (equivalent to an annual dividend rate of \$2.1124 per share). The dividend rate increases to 9.45% per annum if these shares are no longer traded on a major stock exchange. In general, Series D Cumulative Preferred Stock holders have no voting rights.

**7.375% Series F Cumulative Preferred Stock.** At December 31, 2021 and 2020, there were 1.3 million and 2.9 million shares of 7.375% Series F Cumulative Preferred Stock outstanding, respectively. The Series F 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, Series D Cumulative Preferred Stock, Series G Cumulative Preferred Stock (noted below), Series H Cumulative Preferred Stock (noted below) and Series I Cumulative Preferred Stock (noted 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. Series F Cumulative Preferred Stock has no maturity date, and we are not required to redeem the shares at any time. Series F Cumulative Preferred Stock is redeemable at our option for cash (on or after July 15, 2021), in whole or from

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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 F 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 F Cumulative Preferred Stock is convertible into a maximum 0.09690 shares of our common stock in those limited circumstances. The actual number is based on a formula as defined in the Series F Cumulative Preferred Stock agreement (unless the Company exercises its right to redeem the Series F cumulative preferred shares for cash, for a limited period upon a change in control). The necessary conditions to convert the Series F Cumulative Preferred Stock to common stock have not been met as of period end. Therefore, Series F Cumulative Preferred Stock will not impact our earnings per share calculations. Series F Cumulative Preferred Stock quarterly dividends are set at the rate of 7.375% of the \$25.00 liquidation preference (equivalent to an annual dividend rate of \$1.8436 per share). In general, Series F Cumulative Preferred Stock holders have no voting rights.

*7.375% Series G Cumulative Preferred Stock.* At December 31, 2021 and 2020, there were 1.5 million and 4.4 million shares of 7.375% Series G Cumulative Preferred Stock outstanding, respectively. The Series G 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, Series D Cumulative Preferred Stock, Series F Cumulative Preferred Stock, Series H Cumulative Preferred Stock (noted below) and Series I Cumulative Preferred Stock (noted 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. Series G Cumulative Preferred Stock has no maturity date, and we are not required to redeem the shares at any time. Series G Cumulative Preferred Stock is redeemable at our option for cash (on or after October 18, 2021), 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 G 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 G Cumulative Preferred Stock is convertible into a maximum 0.08333 shares of our common stock in those limited circumstances. The actual number is based on a formula as defined in the Series G Cumulative Preferred Stock agreement (unless the Company exercises its right to redeem the Series G cumulative preferred shares for cash, for a limited period upon a change in control). The necessary conditions to convert the Series G Cumulative Preferred Stock to common stock have not been met as of period end. Therefore, Series G Cumulative Preferred Stock will not impact our earnings per share calculations. Series G Cumulative Preferred Stock quarterly dividends are set at the rate of 7.375% of the \$25.00 liquidation preference (equivalent to an annual dividend rate of \$1.8436 per share). In general, Series G Cumulative Preferred Stock holders have no voting rights.

*7.50% Series H Cumulative Preferred Stock.* At December 31, 2021 and 2020, there were 1.3 million and 2.7 million shares of 7.50% Series H Cumulative Preferred Stock outstanding, respectively. The Series H 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, Series D Cumulative Preferred Stock, Series F Cumulative Preferred Stock, Series G Cumulative Preferred Stock and Series I Cumulative Preferred Stock (noted 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. Series H Cumulative Preferred Stock has no maturity date, and we are not required to redeem the shares at any time. Series H Cumulative Preferred Stock is redeemable at our option for cash (on or after August 25, 2022), 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 H 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 H Cumulative Preferred Stock is convertible into a maximum 0.08251 shares of our common stock in those limited circumstances. The actual number is based on a formula as defined in the Series H Cumulative Preferred Stock agreement (unless the Company exercises its right to redeem the Series H cumulative preferred shares for cash, for a limited period upon a change in control). The necessary conditions to convert the Series H Cumulative Preferred Stock to common stock have not been met as of period end. Therefore, Series H Cumulative Preferred Stock will not impact our earnings per share. Series H Cumulative Preferred Stock quarterly dividends are set at the rate of 7.50% of the \$25.00 liquidation preference (equivalent to an annual dividend rate of \$1.8750 per share). In general, Series H Cumulative Preferred Stock holders have no voting rights.

*7.50% Series I Cumulative Preferred Stock.* At December 31, 2021 and 2020, there were 1.3 million and 3.4 million shares of 7.50% Series I Cumulative Preferred Stock outstanding, respectively. The Series I 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 D Cumulative Preferred Stock, Series F Cumulative Preferred Stock, Series G Cumulative Preferred Stock and Series H Cumulative 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

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

and the distribution of amounts upon liquidation, dissolution or winding up of the Company's affairs. Series I Cumulative Preferred Stock has no maturity date, and we are not required to redeem the shares at any time. Series I Cumulative Preferred Stock is redeemable at our option for cash (on or after November 17, 2022), 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 I 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 I Cumulative Preferred Stock is convertible into a maximum 0.08065 shares of our common stock in those limited circumstances. The actual number is based on a formula as defined in the Series I Cumulative Preferred Stock agreement (unless the Company exercises its right to redeem the Series I cumulative preferred shares for cash, for a limited period upon a change in control). The necessary conditions to convert the Series I Cumulative Preferred Stock to common stock have not been met as of period end. Therefore, Series I Cumulative Preferred Stock will not impact our earnings per share. Series I Cumulative Preferred Stock quarterly dividends are set at the rate of 7.50% of the \$25.00 liquidation preference (equivalent to an annual dividend rate of \$1.8750 per share). In general, Series I Cumulative Preferred Stock holders have no voting rights.

**Dividends**—A summary of dividends declared is as follows (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Common stock .....	\$ —	\$ —	\$ 31,116
Preferred stock:			
Series D Cumulative Preferred Stock .....	4,342 <sup>(2)</sup>	1,262	5,048
Series F Cumulative Preferred Stock .....	4,036 <sup>(2)</sup>	2,212	8,849
Series G Cumulative Preferred Stock .....	4,943 <sup>(2)</sup>	2,858	11,430
Series H Cumulative Preferred Stock .....	4,293 <sup>(2)</sup>	1,781	7,125
Series I Cumulative Preferred Stock .....	4,111 <sup>(2)</sup>	2,531	10,125
Total dividends declared <sup>(1)</sup> .....	<u>\$ 21,725</u>	<u>\$ 10,644</u>	<u>\$ 73,693</u>

<sup>(1)</sup> In the years ended December 31, 2021 and 2020, we recorded \$252,000 and \$32.1 million, respectively, of preferred dividend expense after the impact of preferred stock exchanges. All unpaid dividends in arrears as of December 31, 2020 of \$21.5 million were declared and paid in 2021.

<sup>(2)</sup> In the year ended December 31, 2021, the Company declared and paid dividends for each series of preferred stock for unpaid dividends from the second quarter 2020 through the third quarter of 2021. Additionally, the Company declared dividends for the fourth quarter of 2021 that were paid in January 2022.

**Noncontrolling Interests in Consolidated Entities**—Our noncontrolling entity partner had an ownership interest of 15% in two hotel properties until December 31, 2021, when the Company purchased the remaining ownership interest of the two hotel properties. The below table summarizes the total carrying value (in thousands), which is reported in equity in the consolidated balance sheets:

	December 31,	
	2021	2020
Carrying value of noncontrolling interests .....	\$ —	\$ 166

The below table summarizes the (income) loss allocated to noncontrolling interests in consolidating entities (in thousands):

Line Item	Year Ended December 31,		
	2021	2020	2019
(Income) loss allocated to noncontrolling interests in consolidated entities .....	\$ 73	\$ 338	\$ 112

## 15. Stock-Based Compensation

Under the 2021 Stock Incentive Plan approved by stockholders, we are authorized to grant approximately 530,000 shares of restricted stock and performance stock units as incentive stock awards. At December 31, 2021, approximately 43,000 shares were available for future issuance under the 2021 Stock Incentive Plan.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**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, 2021, the unamortized cost of the unvested restricted stock was \$5.0 million which will be amortized over a period of 2.2 years with a weighted average period of 1.9 years.

The following table summarizes the stock-based compensation expense (in thousands):

Line Item	Year Ended December 31,		
	2021	2020	2019
Advisory services fee.....	\$ 3,716	\$ 3,897	\$ 6,268
Management fees.....	199	594	768
Corporate, general and administrative.....	151	298	350
Corporate, general and administrative - independent directors.....	186	147	90
	<u>\$ 4,252</u>	<u>\$ 4,936</u>	<u>\$ 7,476</u>

A summary of our restricted stock activity is as follows (shares in thousands):

	Year Ended December 31,					
	2021		2020		2019	
	Units	Weighted Average Price at Grant	Units	Weighted Average Price at Grant	Units	Weighted Average Price at Grant
Outstanding at beginning of year.....	17	\$ 306.10	21	\$ 586.00	17	\$ 656.00
Restricted stock granted.....	251	25.38	17	115.50	14	536.00
Restricted stock vested.....	(33)	126.09	(16)	462.50	(9)	650.00
Restricted stock forfeited.....	(4)	76.73	(5)	348.90	(1)	582.00
Outstanding at end of year.....	<u>231</u>	<u>\$ 30.76</u>	<u>17</u>	<u>\$ 306.10</u>	<u>21</u>	<u>\$ 586.00</u>

The fair value of restricted stock vested during the years ended December 31, 2021, 2020 and 2019 was \$926,000, \$2.0 million and \$4.1 million, respectively.

**Performance Stock Units**—The compensation committee of the board of directors of the Company may authorize the issuance of performance stock units (“PSUs”), which have a cliff vesting period of three years, 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.

With respect to the 2019 and 2020 award agreements, the number of PSUs actually earned may range from 0% to 200% of target based on achievement of specified absolute and relative total stockholder returns based on the formulas 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 award agreements, the criteria for the PSUs are based on performance conditions and market conditions under the relevant literature. The corresponding compensation cost is recognized, based on the grant date fair value of the award, ratably over the service period for the award as the service is rendered, which may vary from period to period, as the number of PSUs earned may vary based on the estimated probable achievement of certain performance targets (performance conditions). The number of PSUs to be earned based on the applicable performance conditions is determined upon the final vesting date. The initial calculation of PSUs earned can range from 0% to 200% of target, which is further subjected to a specified absolute total stockholder return modifier (market condition) based on the formulas determined by the Company’s compensation committee on the grant date. This will result in an adjustment (75% to 125%) of the initial calculation for the number of PSUs earned based on the applicable performance targets resulting in a final award calculation ranging from 0% to 250% of the target amount.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

During the year ended December 31, 2021, approximately 8,000 PSUs granted in 2018 and 2019 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 \$349,000.

During the year ended December 31, 2020, 3,000 PSUs 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 \$378,000. 7,000 PSUs were forfeited as a result of the separation of an executive officer from the Company. The forfeiture resulted in a credit to equity based compensation expense of approximately \$1.9 million for the year ended December 31, 2020, which is included in “advisory services fees” on our consolidated statement of operations. Additionally, as a result of the forfeiture there was a claw back of the previously declared dividends in the amount of \$228,000 for the year ended December 31, 2020.

The following table summarizes the compensation expense (in thousands):

Line Item	Year Ended December 31,		
	2021	2020	2019
Advisory services fee.....	\$ 3,177	\$ 958	\$ 4,937

The unamortized cost of PSUs, which was \$4.2 million at December 31, 2021, will be expensed over a period of approximately 2.0 years with a weighted average period of 2.0 years.

A summary of our PSU activity is as follows (shares in thousands):

	Year Ended December 31,					
	2021		2020		2019	
	Units	Weighted Average Price at Grant	Units	Weighted Average Price at Grant	Units	Weighted Average Price at Grant
Outstanding at beginning of year...	13	\$ 377.90	16	\$ 582.00	8	\$ 631.00
PSUs granted.....	134	29.70	7	80.00	8	536.00
PSU's forfeited.....	—	—	(7)	458.30	—	—
PSUs canceled.....	(8)	627.36	(3)	585.00	—	—
Outstanding at end of year.....	<u>139</u>	<u>\$ 34.81</u>	<u>13</u>	<u>\$ 377.90</u>	<u>16</u>	<u>\$ 582.00</u>

## 16. Related Party Transactions

### Ashford Inc.

#### Advisory Agreement

Ashford LLC, a subsidiary of Ashford Inc., acts as our advisor. Our chairman, Mr. Monty J. 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. Advisory fees consist of base fees and incentive fees. Prior to January 14, 2021, the base fee was paid monthly and ranged from 0.50% to 0.70% per annum of our total market capitalization, ranging from less than \$6.0 billion to greater than \$10.0 billion plus the Net Asset Fee Adjustment, as defined in the amended and restated advisory agreement, subject to certain minimums. We are also required to pay Ashford LLC an incentive fee that is measured annually (or 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 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 record equity-based compensation expense for equity grants of common stock and LTIP units awarded to our officers and employees of Ashford LLC in connection with providing advisory services equal to the fair value of the award in proportion to the requisite service period satisfied during the period.

On January 4, 2021, the independent members of the board of directors of Ashford Inc. granted Ashford Trust: (i) an additional deferral of the payment of the base advisory fees that were previously deferred for the months of October 2020, November 2020 and December 2020; and (ii) a deferral of approximately \$2.8 million in base advisory fees with respect to the month of January 2021. The foregoing payments were due and payable on January 11, 2021. Additionally, the Ashford Inc.

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directors waived any claim against Ashford Trust and Ashford Trust's affiliates and each of their officers and directors for breach of the advisory agreement or any damages that may have arisen in absence of such fee deferral.

On January 11, 2021, the independent members of the board of directors of Ashford Inc. granted Ashford Trust an additional deferral of the base advisory fees and any Lismore (as defined below) success fees for the months of October 2020, November 2020, December 2020 and January 2021 that were previously deferred such that all such fees would be due and payable on the earlier of (x) January 18, 2021 and (y) immediately prior to the closing of the Oaktree Credit Agreement. Additionally, the Ashford Inc. directors waived any claim against Ashford Trust and Ashford Trust's affiliates and each of their officers and directors for breach of the advisory agreement and Lismore Agreement (as defined below) or any damages that may have arisen in absence of such fee deferral. All outstanding base advisory fees and reimbursable expenses outstanding as of December 31, 2020 were paid in January 2021.

On January 14, 2021, we entered into the Second Amended and Restated Advisory Agreement with Ashford LLC (the "Second Amended and Restated Advisory Agreement"). The Second Amended and Restated Advisory Agreement amends and restates the terms of the Amended and Restated Advisory Agreement, dated June 10, 2015, as amended by the Enhanced Return Funding Program Agreement and Amendment No. 1 to the Amended and Restated Advisory Agreement, dated as of June 26, 2018 to, among other items: (i) revise the term and termination rights; (ii) fix the percentage used to calculate the base fee thereunder at 0.70% per annum; (iii) update the list of peer group members; (iv) suspend the requirement that we maintain a minimum Consolidated Tangible Net Worth (as defined in the Second Amended and Restated Advisory Agreement) until the first fiscal quarter beginning after June 30, 2023; and (v) revise the criteria that would constitute a Company Change of Control (as defined in the Second Amended and Restated Advisory Agreement) in order to provide us additional flexibility to dispose of underperforming assets. In connection with the transactions contemplated by the Oaktree Credit Agreement on January 15, 2021, we entered into a Subordination and Non-Disturbance Agreement with Ashford Inc. and Oaktree pursuant to which we agreed to subordinate to the prior repayment in full of all obligations under the Oaktree Credit Agreement: (1) prior to the later of: (i) the second anniversary of the Oaktree Credit Agreement; and (ii) the date accrued interest "in kind" is paid in full, advisory fees (other than reimbursable expenses) in excess of 80% of such fees paid during the fiscal year ended December 31, 2019; (2) any termination fee or liquidated damages amounts under the advisory agreement, or any amount owed under the enhanced return funding program in connection with the termination of the advisory agreement or sale or foreclosure of assets financed thereunder; and (3) any payments to Lismore in connection with the transactions contemplated by the Oaktree Credit Agreement.

The following table summarizes the advisory services fees incurred (in thousands):

	Year Ended December 31,		
	2021	2020	2019
<b>Advisory services fee</b>			
Base advisory fee .....	\$ 36,239	\$ 34,745	\$ 36,269
Reimbursable expenses <sup>(1)</sup> .....	6,934	6,436	9,300
Equity-based compensation <sup>(2)</sup> .....	9,140	8,869 <sup>(3)</sup>	18,063
Total advisory services fee .....	<u>\$ 52,313</u>	<u>\$ 50,050</u>	<u>\$ 63,632</u>

<sup>(1)</sup> Reimbursable expenses include overhead, internal audit, risk management advisory and asset management services.

<sup>(2)</sup> Equity-based compensation is associated with equity grants of Ashford Trust's common stock, LTIP units and Performance LTIP units awarded to officers and employees of Ashford LLC.

<sup>(3)</sup> During the year ended December 31, 2020, 7,000 PSUs were forfeited as a result of the separation of an executive officer from the Company. The forfeiture resulted in a credit to equity based compensation expense of approximately \$1.9 million for the year ended December 31, 2020.

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 agreement, Ashford Inc. secures casualty insurance policies to cover Ashford Trust, Braemar Hotels & Resorts Inc. ("Braemar"), 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. At the beginning of each year, Ashford Inc.'s risk management department collects funds from Ashford Trust, Braemar and their respective hotel management companies, to fund the casualty insurance program as needed, on an allocated basis.

**ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

***Lismore***

On March 20, 2020, Lismore Capital II LLC (formerly known as Lismore Capital LLC) (“Lismore”), a subsidiary of Ashford Inc., entered into an agreement with the Company to seek modifications, forbearances or refinancings of the Company’s loans (the “Lismore Agreement”). Pursuant to the Lismore Agreement, Lismore shall, during the agreement term (which commenced on March 20, 2020 and shall end on the date that is 12 months following the commencement date, or upon it being terminated by Ashford Trust on not less than 30 days’ written notice) negotiate the refinancing, modification or forbearance of the existing mortgage debt on Ashford Trust’s hotels. For the purposes of the Lismore Agreement, financing shall include, without limitation, senior or subordinate loan financing provided in any single transaction or a combination of transactions, including mortgage loan financing, mezzanine loan financing, or subordinate loan financing encumbering the applicable hotel or unsecured loan financing.

On July 1, 2020, the Company amended and restated the Lismore Agreement with an effective date of April 6, 2020. Pursuant to the amended and restated agreement, the term of the agreement was extended to 24 months following the commencement date. In connection with the services provided by Lismore under the amended and restated agreement, Lismore was entitled to receive a fee of approximately \$2.6 million in three equal installments of approximately \$857,000 per month beginning July 20, 2020, and ending on September 20, 2020. Lismore was also entitled to receive a fee that is calculated and payable as follows: (i) a fee equal to 25 basis points (0.25%) of the amount of a loan, payable upon the acceptance by the applicable lender of any forbearance or extension of such loan, or in the case where a third-party agent or contractor engaged by the Company has secured an extension of the maturity date equal to or greater than 12 months of any such loan, then the amount payable to Lismore shall be reduced to 10 basis points (0.10%); (ii) a fee equal to 75 basis points (0.75%) of the amount of any principal reduction of a loan upon the acceptance by any lender of any principal reduction of such loan; and (iii) a fee equal to 150 basis points (1.50%) of the implied conversion value (but in any case, no less than 50% percent of the face value of such loan or loans) of a loan upon the acceptance by any lender of any debt to equity conversion of such loan.

At the time of amendment, the Company had paid Lismore approximately \$8.3 million, in the aggregate, pursuant to the original agreement. Under the amended and restated agreement, the Company is still entitled, in the event that the Company does not complete, for any reason, extensions or forbearances during the term of the agreement equal to or greater than approximately \$4.1 billion, to offset, against any fees the Company or its affiliates owe pursuant to the advisory agreement, a portion of the fee previously paid by the Company to Lismore equal to the product of (x) approximately \$4.1 billion minus the amount of extensions or forbearances completed during the term of the agreement multiplied by (y) 0.125%.

Upon entering into the agreement with Lismore, the Company made a payment of \$5.1 million. No amounts under this payment can be clawed back. As of December 31, 2021, the Company has paid \$5.1 million related to periodic installments of which approximately \$5.0 million has been expensed in accordance with the agreement. Additionally, the independent members of the board of directors of Ashford Inc. accelerated approximately \$506,000 in claw back credit due to Ashford Trust which, absent a waiver, would occur after the expiration of the Lismore Agreement. Such claw back credit was due to Ashford Trust in connection with certain properties Ashford Trust no longer owns. This amount was offset against base advisory fees. Approximately \$149,000 may be offset against fees under the agreement that are eligible for claw back under the agreement. As of December 31, 2021 approximately \$792,000 of the payments are included in “other assets.” Further, the Company has incurred approximately \$8.7 million in success fees under the agreement in connection with each signed forbearance or other agreement, of which no amounts are available for claw back. For the year ended December 31, 2021, the Company recognized expense of \$5.6 million, which is included in “write-off of premiums, loan costs and exit fees.” For the year ended December 31, 2020, the Company recognized expense of \$12.1 million, respectively, which is included in “write-off of premiums, loan costs and exit fees.” As of December 31, 2021, the Company had a payable to Lismore of \$13,000 included in “due from Ashford Inc., net” on our consolidated balance sheet.

On August 25, 2020, in light of the fact that Ashford Trust subsequently agreed to transfer the hotels underlying the Rockbridge Portfolio to the lender, the independent members of the board of directors of Ashford Inc. waived \$540,000 of Lismore advisory fees associated with items (ii) and (iii) above with respect to the Rockbridge Portfolio loan. Also on August 25, 2020, in light of the fact that Lismore negotiated access to the FF&E reserves but no forbearance on debt service, the independent members of the board of directors of Ashford Inc. waived \$94,000 of Lismore advisory fees associated with items (ii) and (iii) above with respect to the mortgage loan secured by The La Posada de Santa Fe Hotel.

On January 4, 2021, the independent members of the board of directors of Ashford Inc. granted Ashford Trust: (i) an additional deferral of the payment of any Lismore success fees for the months of October 2020, November 2020 and December 2020; and (ii) a deferral of any additional Lismore success fees for the month of January 2021. The foregoing payments were

**ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES**  
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payable on January 11, 2021. Additionally, the independent members of the board of directors of Ashford Inc. waived any claim against Ashford Trust and Ashford Trust's affiliates and each of their officers and directors for breach of the Lismore Agreement or any damages that may have arisen in absence of such fee deferral.

On January 11, 2021, the independent members of the board of directors of Ashford Inc. granted Ashford Trust an additional deferral of the Lismore success fees for the months of October 2020, November 2020, December 2020 and January 2021 that were previously deferred such that all such fees would be due and payable on the earlier of (x) January 18, 2021 and (y) immediately prior to the closing of the Oaktree Credit Agreement. Additionally, the independent members of the board of directors of Ashford Inc. waived any claim against Ashford Trust and Ashford Trust's affiliates and each of their officers and directors for breach of the Lismore Agreement or any damages that may have arisen in absence of such fee deferral. All amounts were paid in January 2021.

During the year ended December 31, 2021, the Company also paid Lismore a fee of \$784,000 for the refinance of the Hilton Boston Back Bay mortgage loan.

***Ashford Securities***

On September 25, 2019, Ashford Inc. announced the formation of Ashford Securities to raise retail capital in order to grow its existing and future platforms. In conjunction with the formation of Ashford Securities, Ashford Trust entered into a contribution agreement (the "Initial Contribution Agreement") with Ashford Inc. pursuant to which Ashford Trust has agreed to contribute, with Braemar, up to \$15 million to fund the operations of Ashford Securities.

Costs for all operating expenses of Ashford Securities that are contributed by Ashford Trust and Braemar will be expensed as incurred. These costs will be allocated initially to Ashford Trust and Braemar based on an allocation percentage of 75% to Ashford Trust and 25% to Braemar. Upon reaching the earlier of \$400 million in aggregate non-listed preferred equity offerings raised or June 10, 2023, there will be a true up (the "Initial True-up Date") between Ashford Trust and Braemar whereby the actual capital contributions contributed by each company will be based on the actual amount of capital raised by Ashford Trust and Braemar, respectively. After the True-up Date, the capital contributions would be allocated between Ashford Trust and Braemar quarterly based on the actual capital raised on their behalf, respectively, through Ashford Securities. Funding advances would be expensed as the expenses are incurred by 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 with respect to expenses to be reimbursed to Ashford Securities. The Initial True-Up Date did not occur and beginning on the effective date of the Amended and Restated Contribution Agreement, costs will be 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 non-listed preferred equity offerings raised, or June 10, 2023, there will be an amended and restated true up (the "Amended and Restated True-up Date") among Ashford Inc., Ashford Trust and Braemar whereby the actual expense reimbursement paid by each company will be based on the actual amount of capital raised by Ashford Inc., Ashford Trust and Braemar, respectively, through Ashford Securities. After the Amended and Restated True-Up Date, the expense reimbursements will be allocated among Ashford Inc., Ashford Trust and Braemar quarterly based on the actual capital raised on their behalf, respectively, through Ashford Securities. As of December 31, 2021, Ashford Trust has funded approximately \$3.5 million. As of December 31, 2021 and December 31, 2020, \$632,000 and \$85,000, respectively, of the pre-funded amounts were included in "other assets" on our consolidated balance sheets.

The table below summarizes the amount Ashford Trust has expensed related to reimbursed operating expenses of Ashford Securities (in thousands):

Line Item	Year Ended December 31,		
	2021	2020	2019
Corporate, general and administrative.....	\$ 19	\$ 1,998	\$ 896

***Enhanced Return Funding Program***

The Enhanced Return Funding Program Agreement (the "ERFP Agreement") generally provides that Ashford LLC will make investments to facilitate the acquisition of properties by Ashford Trust 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). The investments will equal 10% of the property acquisition price and will be made, either at the time of the property acquisition or at any time



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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

generally in the following three years, in exchange for hotel FF&E for use at the acquired property or any other property owned by Ashford Trust OP.

The initial term of the ERFP Agreement is two years (the “Initial Term”), unless earlier terminated pursuant to the terms of the ERFP Agreement. At the end of the Initial Term, the ERFP Agreement shall automatically renew for successive one-year periods (each such period a “Renewal Term”) unless either Ashford Inc. or Ashford Trust provides written notice to the other at least 60 days in advance of the expiration of the Initial Term or Renewal Term, as applicable, that such notifying party intends not to renew the ERFP Agreement.

As a result of the Embassy Suites New York Manhattan Times Square acquisition in 2019, under the ERFP Agreement, we are entitled to receive \$19.5 million from Ashford LLC in the form of future purchases of hotel FF&E. In the second quarter of 2019, the Company sold \$8.1 million of hotel FF&E from certain Ashford Trust hotel properties to Ashford LLC. On March 13, 2020, an extension agreement was entered into whereby the required FF&E acquisition date by Ashford LLC of the remaining \$11.4 million was extended to December 31, 2022.

On November 25, 2020, the independent members of the board of directors of Ashford Trust granted Ashford Inc., in its sole and absolute discretion, the right to set-off against the Embassy Suites New York ERFP balance, the fees pursuant to the advisory agreement and Lismore Agreement that have been or may be deferred by Ashford Inc.

On April 20, 2021, the Company delivered written notice to Ashford LLC of its intention not to renew the ERFP Agreement. As a result, the ERFP Agreement terminated in accordance with its terms at the end of the current term on June 26, 2021.

### ***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 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) market service fees at current market rates with respect to construction management, interior design, FF&E purchasing, FF&E expediting/freight management, FF&E warehousing and FF&E installation and supervision. On March 20, 2020, we amended the design and construction services agreement to provide that Premier’s fees shall be paid by the Company to Premier upon the completion of any work provided by third-party vendors to the Company.

### ***Hotel Management Services***

On November 6, 2019, Ashford Inc. completed the acquisition of Remington Lodging’s hotel management business. As a result of the acquisition, hotel management services are provided by Remington Hotels, a subsidiary of Ashford Inc., under the respective hotel management agreement with each customer, including Ashford Trust and Braemar.

At December 31, 2021, Remington Hotels managed 68 of our 100 hotel properties and the WorldQuest condominium properties.

We pay monthly hotel management fees equal to the greater of approximately \$15,000 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

**ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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 the related party's prior performance, it is believed that another manager could perform the management or other duties materially better.

***Braemar***

As of December 31, 2021, the Company had a \$728,000 payable to Braemar, included in Due to related parties, net. The payable related 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, which was then remitted to Braemar by the Company.

**Remington Lodging (prior to Ashford Inc. acquisitions)**

Remington Lodging was a property and design and construction company, wholly owned by our chairman, Mr. Monty J. Bennett and Mr. Archie Bennett, Jr. who is our chairman emeritus. We had master property and design and construction fee agreements and property and design and construction fee mutual exclusivity agreements with Remington Lodging.

On November 6, 2019, Ashford Inc. completed the acquisition of Remington Lodging's hotel management business. As a result of the acquisition, hotel management services that were previously provided by Remington Lodging are now provided by Remington Hotels, a subsidiary of Ashford Inc. under the respective hotel management agreement with each customer, including Ashford Trust and Braemar under the Remington Hotels name.

Between January 1, 2019 and November 5, 2019, we paid Remington Lodging monthly hotel management fees equal to the greater of \$14,000 (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.

The following table presents the fees related to our hotel and design and construction services agreements with Remington Lodging prior to its transactions with Ashford Inc. (in thousands):

	<b>Year Ended December 31, 2019</b>
Hotel management fees, including incentive hotel management fees .....	\$ 27,205
Corporate general and administrative .....	6,014
Total .....	<u>\$ 33,219</u>

**Summary of Transactions**

In accordance with our advisory agreement, our advisor, or entities in which our advisor has an interest, have a right to provide products or services to our hotels, 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):

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

		Year Ended December 31, 2021					
Company	Product or Service	Total	Investments in Hotel Properties, net <sup>(1)</sup>	Indebtedness, net <sup>(2)</sup>	Other Assets	Other Hotel Revenue	Management Fees
Ashford LLC.....	Insurance claims services	74	—	—	—	—	—
Ashford Securities .....	Capital raise services	19	—	—	—	—	—
INSPIRE .....	Audio visual commissions	2,993	—	—	—	2,993	—
Lismore Capital .....	Debt placement and related services	7,220	—	784	792	—	—
Lismore Capital .....	Broker services	955	—	955	—	—	—
OpenKey .....	Mobile key app	121	—	—	—	—	—
Premier.....	Design and construction services	5,940	5,192	—	—	—	—
Pure Wellness .....	Hypoallergenic premium rooms	1,366	—	—	—	—	—
Remington Hotels .....	Hotel management services <sup>(3)</sup>	35,526	—	—	—	—	17,754

		Year Ended December 31, 2021					
Company	Product or Service	Total	Other Hotel Expenses	Property Taxes, Insurance and Other	Advisory Services Fee	Corporate, General and Administrative	Write-off of Premiums, Loan Costs and Exit Fees
Ashford LLC.....	Insurance claims services	74	—	74	—	—	—
Ashford Securities .....	Capital raise services	19	—	—	—	19	—
INSPIRE .....	Audio visual commissions	2,993	—	—	—	—	—
Lismore Capital .....	Debt placement and related services	7,220	—	—	—	—	5,644
Lismore Capital .....	Broker services	955	—	—	—	—	—
OpenKey .....	Mobile key app	121	121	—	—	—	—
Premier.....	Design and construction services	5,940	—	—	748	—	—
Pure Wellness .....	Hypoallergenic premium rooms	1,366	1,366	—	—	—	—
Remington Hotels .....	Hotel management services <sup>(3)</sup>	35,526	17,772	—	—	—	—

		Year Ended December 31, 2020					
Company	Product or Service	Total	Investments in Hotel Properties, net <sup>(1)</sup>	Indebtedness, net <sup>(2)</sup>	Other Assets	Other Hotel Revenue	Management Fees
AIM.....	Cash management services	\$ 995	\$ —	\$ —	\$ —	\$ —	\$ —
Ashford LLC.....	Insurance claims services	118	—	—	—	—	—
INSPIRE .....	Audio visual commissions	2,187	—	—	—	2,187	—
Lismore Capital .....	Debt placement and related services	16,570 <sup>(4)</sup>	—	128	4,388	—	—
Lismore Capital .....	Broker services	170	—	—	70	—	—
OpenKey .....	Mobile key app	118	—	—	—	—	—
Premier.....	Design and construction services	6,801	5,727	—	—	—	—
Pure Wellness .....	Hypoallergenic premium rooms	967	38	—	—	—	—
Remington Hotels .....	Hotel management services <sup>(3)</sup>	27,443	—	—	—	—	15,835

		Year Ended December 31, 2020					
Company	Product or Service	Total	Other Hotel Expenses	Property Taxes, Insurance and Other	Advisory Services Fee	Corporate, General and Administrative	Write-off of Premiums, Loan Costs and Exit Fees
AIM.....	Cash management services	\$ 995	\$ —	\$ —	\$ —	\$ 995	\$ —
Ashford LLC.....	Insurance claims services	118	—	—	—	—	—
INSPIRE .....	Audio visual commissions	2,187	—	118	—	—	—
Lismore Capital .....	Debt placement and related services	16,570	—	—	—	—	12,054
Lismore Capital .....	Broker services	170	—	—	—	—	100
OpenKey .....	Mobile key app	118	118	—	—	—	—
Premier.....	Design and construction services	6,801	—	—	1,074	—	—
Pure Wellness .....	Hypoallergenic premium rooms	967	929	—	—	—	—
Remington Hotels .....	Hotel management services <sup>(3)</sup>	27,443	11,608	—	—	—	—

**ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

		Year Ended December 31, 2019					
Company	Product or Service	Total	Investments in Hotel Properties, net <sup>(1)</sup>	Indebtedness, net <sup>(2)</sup>	Other Hotel Revenue	Other Hotel Expenses	Management Fees
AIM.....	Cash management services	\$ 1,206	\$ —	\$ —	\$ —	\$ —	\$ —
Ashford LLC.....	Insurance claims services	75	—	—	—	—	—
Ashford Securities .....	Broker/Dealer	896	—	—	—	—	—
INSPIRE .....	Audio visual commissions	7,365	—	—	7,365	—	—
INSPIRE .....	Equipment	24	24	—	—	—	—
Lismore Capital .....	Debt placement and related services	1,294	—	(1,215)	—	—	—
Lismore Capital .....	Broker services	427	—	—	—	—	—
OpenKey .....	Mobile key app	112	3	—	—	109	—
Premier.....	Design and construction services	20,004	18,281	—	—	—	—
Pure Wellness .....	Hypoallergenic premium rooms	1,021	599	—	—	422	—
Remington Hotels .....	Hotel management services <sup>(3)</sup>	9,152	—	—	—	5,356	3,796

		Year Ended December 31, 2019					
Company	Product or Service	Total	Property Taxes, Insurance and Other	Advisory Services Fee	Corporate, General and Administrative	Gain (Loss) on Disposition of Assets and Hotel Properties	Write-off of Premiums, Loan Costs and Exit Fees
AIM.....	Cash management services	\$ 1,206	\$ —	\$ —	\$ 1,206	\$ —	\$ —
Ashford LLC.....	Insurance claims services	75	75	—	—	—	—
Ashford Securities .....	Broker/Dealer	896	—	—	896	—	—
INSPIRE .....	Audio visual commissions	7,365	—	—	—	—	—
INSPIRE .....	Equipment	24	—	—	—	—	—
Lismore Capital .....	Debt placement and related services	1,294	—	—	—	—	79
Lismore Capital .....	Broker services	427	—	—	—	427	—
OpenKey .....	Mobile key app	112	—	—	—	—	—
Premier.....	Design and construction services	20,004	—	1,723	—	—	—
Pure Wellness .....	Hypoallergenic premium rooms	1,021	—	—	—	—	—
Remington Hotels .....	Hotel management services <sup>(3)</sup>	9,152	—	—	—	—	—

<sup>(1)</sup> Recorded in FF&E and depreciated over the estimated useful life.

<sup>(2)</sup> 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.

<sup>(3)</sup> Other hotel expenses include incentive hotel management fees and other hotel management costs

<sup>(4)</sup> Amount excludes a \$506,000 claw back credit due to Ashford Trust. See Lismore Advisory Fee section above.

The following table summarizes amounts (due to) due from Ashford Inc. (in thousands):

		(Due to)/Due from Ashford Inc.	
Company	Product or Service	December 31, 2021	December 31, 2020
Ashford LLC .....	Advisory services	\$ 2,121	\$ (9,533)
Ashford LLC .....	Insurance claims services	(19)	(30)
AIM .....	Cash management services	—	111
INSPIRE .....	Audio visual	(850)	(131)
OpenKey .....	Mobile key app	(14)	(13)
Premier .....	Design and construction services	(1,185)	(323)
Pure Wellness .....	Hypoallergenic premium rooms	(15)	(44)
Lismore Capital .....	Debt placement and related services	(13)	(3,420)
		<u>\$ 25</u>	<u>\$ (13,383)</u>

As of December 31, 2021 and 2020, due from related parties, net included a net receivable from Remington Hotels in the amount of \$6.3 million and \$4.6 million, respectively, primarily related to advances made by Ashford Trust and accrued base and incentive management fees.

As of December 31, 2021 and December 31, 2020, due from related parties, net included a \$1.2 million security deposit paid to Remington Hotel Corporation, an entity indirectly owned by Mr. Monty J. Bennett and Mr. Archie Bennett, Jr., for

**ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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 the deposit will be returned upon lease expiration or earlier termination.

## **17. Commitments and Contingencies**

**Restricted Cash**—Under certain management and debt agreements for our hotel properties existing at December 31, 2021, 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% to 6% of gross revenues for capital improvements. The Company is currently working with its property managers and lenders in order to utilize lender and manager held reserves to fund operating shortfalls.

**Franchise Fees**—Under franchise agreements for our hotel properties existing at December 31, 2021, we pay franchisor royalty fees between 3% and 6% of gross rooms revenue and, in some cases, 1% to 3% of food and beverage revenues. Additionally, we pay fees for marketing, reservations, and other related activities aggregating between 1% and 4% of gross rooms revenue and, in some cases, food and beverage revenues. These franchise agreements expire on varying dates between 2023 and 2047. When a franchise term expires, the franchisor has no obligation to renew the franchise. A franchise termination could have a material adverse effect on the operations or the underlying value of the affected hotel due to loss of associated name recognition, marketing support, and centralized reservation systems provided by the franchisor. A franchise termination could also have a material adverse effect on cash available for distribution to stockholders. In addition, if we breach the franchise agreement and the franchisor terminates a franchise prior to its expiration date, we may be liable for up to three times the average annual fees incurred for that property.

The table below summarizes the franchise fees incurred (in thousands):

Line Item	Year Ended December 31,		
	2021	2020	2019
Other hotel expenses .....	\$ 39,633	\$ 26,658	\$ 76,707

**Management Fees**—Under hotel management agreements for our hotel properties existing at December 31, 2021, we pay monthly hotel management fees equal to the greater of approximately \$15,000 per hotel (increased annually based on consumer price index adjustments) or 3% of gross revenues, or in some cases 2% to 7% of gross revenues, as well as annual incentive management fees, if applicable. These hotel management agreements expire from 2023 through 2038, with renewal options. If we terminate a hotel management agreement prior to its expiration, we may be liable for estimated management fees through the remaining term and liquidated damages or, in certain circumstances, we may substitute a new management agreement.

**Leases**—We lease land and facilities under non-cancelable operating leases, which expire between 2059 and 2084, including two ground leases related to our hotel properties. These ground leases are subject to base rent plus contingent rent based on each hotel property's financial results and escalation clauses. Additionally, other leases have certain contingent rentals included. See note 18.

**Capital Commitments**—At December 31, 2021, we had capital commitments of \$38.9 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.

**Income Taxes**—We and our subsidiaries file income tax returns in the federal jurisdiction and various states. Tax years 2017 through 2021 remain subject to potential examination by certain federal and state taxing authorities.

**Potential Pension Liabilities**—Upon our 2006 acquisition of a hotel property, certain employees of such hotel were unionized and covered by a multi-employer defined benefit pension plan. At that time, no unfunded pension liabilities existed. Subsequent to our acquisition, a majority of employees, who are employees of the hotel manager, Remington Lodging, petitioned the employer to withdraw recognition of the union. As a result of the decertification petition, Remington Lodging withdrew recognition of the union. At the time of the withdrawal, the National Retirement Fund, the union's pension fund, indicated unfunded pension liabilities existed. The National Labor Relations Board ("NLRB") filed a complaint against Remington Lodging seeking, among other things, a ruling that Remington Lodging's withdrawal of recognition was unlawful. The pension fund entered into a settlement agreement with Remington Lodging on November 1, 2011, providing that Remington Lodging will continue to make monthly pension fund payments pursuant to the collective bargaining agreement. As of December 31, 2021, Remington Lodging continues to comply with the settlement agreement by making the appropriate monthly pension fund payments. If Remington Lodging does not comply with the settlement agreement, we have agreed to

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indemnify Remington Lodging for the payment of the unfunded pension liability, if any, as set forth in the settlement agreement equal to \$1.7 million minus the monthly pension payments made by Remington Lodging since the settlement agreement. To illustrate, if Remington Lodging - as of the date a final determination occurs - has made monthly pension payments equaling \$100,000, Remington Lodging's remaining withdrawal liability would be the unfunded pension liability of \$1.7 million minus \$100,000 (or \$1.6 million). This remaining unfunded pension liability would be paid to the pension fund in annual installments of \$84,000 (but may be made monthly or quarterly, at Remington Lodging's election), which shall continue for the remainder of 20 years, which is capped, unless Remington Lodging elects to pay the unfunded pension liability amount earlier.

**Litigation**—*Palm Beach Florida Hotel and Office Building Limited Partnership, et al. v. Nantucket Enterprises, Inc.* This litigation involves a landlord tenant dispute from 2008 in which the landlord, Palm Beach Florida Hotel and Office Building Limited Partnership, a subsidiary of the Company, claimed that the tenant had violated various lease provisions of the lease agreement and was therefore in default. The tenant counterclaimed and asserted multiple claims including that it had been wrongfully evicted. The litigation was instituted by the plaintiff in November 2008 in the Circuit Court of the Fifteenth Judicial Circuit, in and for Palm Beach County, Florida and proceeded to a jury trial on June 30, 2014. The jury entered its verdict awarding the tenant total claims of \$10.8 million and ruling against the landlord on its claim of breach of contract. In 2016, the Court of Appeals reduced the original \$10.8 million judgment to \$8.8 million and added pre-judgment interest on the wrongful eviction judgment. The case was further appealed to the Florida Supreme Court. On May 23, 2017, the trial court issued an order compelling the company that issued the supersedeas bond, RLI Insurance Company ("RLI"), to pay approximately \$10.0 million. On June 1, 2017, RLI paid Nantucket this amount and sought reimbursement from the Company, and on June 7, 2017, the Company paid \$2.5 million of the judgment. On June 27, 2017, the Florida Supreme Court denied the Company's petition for review. As a result, all of the appeals were exhausted and the judgment was final with the determination and reimbursement of attorney's fees being the only remaining dispute. On June 29, 2017, the balance of the judgment of \$3.9 million was paid to Nantucket by the Company. On July 26, 2018, we paid \$544,000 as part of a settlement on certain legal fees. The negotiations relating to the potential payment of the remaining attorneys' fees are still ongoing. As of December 31, 2021, we have accrued approximately \$504,000 in legal fees, which represents the Company's estimate of the amount of potential remaining legal fees that could be owed.

On December 4, 2015, Pedro Membrives filed a class action lawsuit against HHC TRS FP Portfolio LLC, Remington Lodging & Hospitality, LLC, Remington Holdings LLC, Mark A. Sharkey, Archie Bennett, Jr., Monty J. Bennett, Christopher Peckham, and any other related entities in the Supreme Court of New York, Nassau County, Commercial Division. On August 30, 2016, the complaint was amended to add Michele Spero as a Plaintiff and Remington Long Island Employers, LLC as a defendant. The lawsuit is captioned *Pedro Membrives and Michele Spero, individually and on behalf of others similarly situated v. HHC TRS FP Portfolio LLC, Remington Lodging & Hospitality, LLC, Remington Holdings LLC, Remington Long Island Employers, LLC, et al., Index No. 607828/2015 (Sup. Ct. Nassau Cty.)*. The plaintiffs allege that the owner and management company of the Hyatt Regency Long Island hotel violated New York law by improperly retaining service charges rather than distributing them to employees. In 2017, the class was certified. On July 24, 2018, the trial court granted the plaintiffs' motion for summary judgment on liability. The defendants appealed the summary judgment to the New York State Appellate Division, Second Department (the "Second Department"). The Second Department heard oral arguments in this matter on April 20, 2021, and on July 14, 2021, affirmed in part, and modified in part, the trial court's summary judgement in favor of the plaintiffs. Based on the Second Department's holding, all information produced during discovery, and the continuing cost and risk, to both sides, of further appeals related to this matter, the Company is analyzing whether to continue to appeal and vigorously defend this matter or to pursue an out-of-court settlement. The Company believes it is probable that it will ultimately incur a loss from this litigation. As a result, the Company has recorded an accrual of approximately \$4.2 million as of December 31, 2021. The final outcome could result in a loss of up to approximately \$8 million in excess of the amount accrued, plus additional interest and attorneys' fees.

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 nine hotels owned by subsidiaries of the Company. The court has entered an order granting class certification with respect to: (1) 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) 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. 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

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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, 2021, no amounts have been accrued.

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 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 assessment may change depending upon the development of these legal proceedings, and the final results of these legal proceedings cannot be predicted with certainty. If we 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.

### **18. Leases**

On January 1, 2019, we adopted ASC 842 on a modified retrospective basis. We elected the practical expedients which allowed us to apply the new guidance at its effective date on January 1, 2019 without adjusting the comparative prior period financial statements. The package of practical expedients also allowed us to carry forward the historical lease classification. Additionally, we elected the practical expedients allowing us not to separate lease and non-lease components and not record short-term leases on the balance sheet across all existing asset classes.

The adoption of this standard resulted in the recognition of operating lease ROU assets and lease liabilities primarily related to our ground lease arrangements for which we are the lessee. As of January 1, 2019, we recorded operating lease liabilities of \$43.3 million as well as a corresponding operating lease ROU asset of \$38.8 million which included reclassified intangible assets of \$9.0 million, intangible liabilities of \$13.0 million and deferred rent of \$485,000. The adoption of the standard did not have a material impact on our consolidated statements of operations and statements of cash flows.

The majority of our leases, as lessee, are operating ground leases. We also have 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 year to 99 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, 2021.

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, 2021 and 2020, our leased assets and liabilities consisted of the following (in thousands):

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<b>Assets</b>		
Operating lease right-of-use assets .....	\$ 44,575	\$ 45,008
<b>Liabilities</b>		
Operating lease liabilities .....	\$ 45,106	\$ 45,309

We incurred the following operating lease costs related to our operating leases (in thousands):

	<u>Year Ended December 31,</u>		
<u>Classification</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Hotel operating expenses - other <sup>(1)</sup> .....	\$ 4,665	\$ 4,453	\$ 4,323

<sup>(1)</sup> For the years ended December 31, 2021, 2020, and 2019, operating lease cost includes approximately \$1.1 million, \$495,000 and \$501,000, respectively, of variable lease cost associated with the ground leases and \$211,000, \$227,000 and \$176,000, respectively of net amortization costs related to the intangible

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assets and liabilities 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:

<b>Supplemental Cash Flows Information</b>	<b>Year Ended December 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases (in thousands) .....	\$ 2,824	\$ 3,028	\$ 3,511
<b>Weighted Average Remaining Lease Term</b>			
Operating leases <sup>(1)</sup> .....	68 years	69 years	73 years
<b>Weighted Average Discount Rate</b>			
Operating leases <sup>(1)</sup> .....	5.14 %	5.14 %	5.17 %

<sup>(1)</sup> Calculated using the lease term, excluding extension options, and our calculated discount rates of the ground leases and owner managed leases.

Future minimum lease payments due under non-cancellable leases as of December 31, 2021 were as follows (in thousands):

	<b>Operating Leases</b>
2022 .....	\$ 2,942
2023 .....	2,923
2024 .....	2,921
2025 .....	2,921
2026 .....	2,909
Thereafter .....	178,462
Total future minimum lease payments <sup>(1)</sup> .....	193,078
Less: interest .....	147,972
Present value of lease liabilities .....	<u>\$ 45,106</u>

<sup>(1)</sup> Based on payment amounts as of December 31, 2021.

### **Enhanced Return Funding Program**

We lease certain assets from Ashford Inc. under the Enhanced Return Funding Program. See note 16.

### **19. Income Taxes**

For U.S. federal income tax purposes, we elected to be treated 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 prior to December 31, 2017) and may not qualify as a REIT for four years that are subsequently taxable. 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, 2021, all of our 100 hotel properties were leased or owned by Ashford TRS (our taxable REIT subsidiaries). Ashford TRS recognized net book income (loss) of \$31.1 million, \$(142.0) million and \$7.3 million for the years ended December 31, 2021, 2020 and 2019, respectively.



**ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

The following table reconciles the income tax (expense) benefit at statutory rates to the actual income tax (expense) benefit recorded (in thousands):

	<b>Year Ended December 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
Income tax (expense) benefit at federal statutory income tax rate of 21% .....	\$ (6,513)	\$ 29,811	\$ (1,539)
State income tax (expense) benefit, net of U.S. federal income tax benefit .....	(413)	4,014	(475)
Permanent differences .....	(238)	415	(310)
Provision to return adjustment .....	60	(228)	(325)
Gross receipts and margin taxes .....	(199)	(347)	(923)
Interest and penalties .....	(18)	(13)	32
Valuation allowance .....	1,373	(32,317)	2,322
Total income tax (expense) benefit .....	<u>\$ (5,948)</u>	<u>\$ 1,335</u>	<u>\$ (1,218)</u>

The components of income tax (expense) benefit are as follows (in thousands):

	<b>Year Ended December 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
Current:			
Federal .....	\$ (4,950)	\$ 826	\$ (48)
State .....	(885)	(549)	(1,329)
Total current income tax (expense) benefit .....	<u>(5,835)</u>	<u>277</u>	<u>(1,377)</u>
Deferred:			
Federal .....	(113)	927	126
State .....	—	131	33
Total deferred income tax (expense) benefit .....	<u>(113)</u>	<u>1,058</u>	<u>159</u>
Total income tax (expense) benefit .....	<u>\$ (5,948)</u>	<u>\$ 1,335</u>	<u>\$ (1,218)</u>

For the years ended December 31, 2021, 2020 and 2019 income tax expense includes interest and penalties paid to taxing authorities of \$18,000, \$11,000 and \$56,000, respectively. Additionally, in 2020 we received interest income of \$19,000 included in income tax expense. At December 31, 2021 and 2020, we determined that there were no material amounts to accrue for interest and penalties due to taxing authorities.

**ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

At December 31, 2021 and 2020, our deferred tax asset (liability) and related valuation allowance consisted of the following (in thousands):

	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
Allowance for doubtful accounts .....	\$ 93	\$ 89
Unearned income .....	1,119	1,364
Federal and state net operating losses .....	28,553	30,687
Capital loss carryforward .....	7,442	7,372
Accrued expenses .....	1,466	1,263
Prepaid expenses .....	(44)	(121)
Tax property basis less than book basis .....	(2,302)	(2,600)
Tax derivatives basis greater than book basis .....	322	296
Other .....	1,676	1,307
Deferred tax asset (liability) .....	38,325	39,657
Valuation allowance .....	(38,810)	(40,029)
Net deferred tax asset (liability) .....	<u>\$ (485)</u>	<u>\$ (372)</u>

At December 31, 2021, we had TRS net operating loss carryforwards for U.S. federal income tax purposes of \$119.9 million, of which \$10.1 million is subject to expiration and will begin to expire in 2022. The remainder was generated after December 31, 2017 and is not subject to expiration under the Tax Cuts and Jobs Act. The loss carryforwards subject to expiration may be available to offset future taxable income, if any, in 2022 through 2027, with the remainder available to offset taxable income beyond 2027. The net operating loss carryforwards are subject to substantial limitation on their use. At December 31, 2021, Ashford Hospitality Trust, Inc., our REIT, had net operating loss carryforwards for U.S. federal income tax purposes of \$885.2 million based on the latest filed tax return. Of that amount, \$426.1 million will begin to expire in 2023 and is available to offset future taxable income, if any, through 2036. The remainder was generated after December 31, 2017 and is not subject to expiration under the Tax Cuts and Jobs Act. The net operating loss carryforwards are subject to substantial limitation on their use.

At December 31, 2021 and 2020, we maintained a valuation allowance of \$38.8 million and \$40.0 million, respectively. At December 31, 2021 and 2020, we have reserved certain deferred tax assets of our TRS entities as we believe it is more likely than not that these deferred tax assets will not be realized. We considered all available evidence, both positive and negative. We concluded that the objectively verifiable negative evidence of a history of consolidated losses and the limitations imposed by the Code on the utilization of net operating losses of acquired subsidiaries outweigh the positive evidence. We believe this treatment is appropriate considering the nature of the intercompany transactions and leases between the REIT and its subsidiaries and that the current level of taxable income at the TRS is primarily attributable to our current transfer pricing arrangements. The transfer pricing arrangements are renewed upon expiration. All existing leases were extended and terms amended in 2020 to reflect the economic impact of COVID-19. Outside consultants prepared the transfer pricing studies supporting the rents from the leases. Outside consultants will continue to provide transfer pricing studies on any newly acquired properties. The intercompany rents are determined in accordance with the arms' length transfer pricing standard, taking into account the cost of ownership to the REIT among other factors. 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):

	<b>Year Ended December 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
Balance at beginning of year .....	\$ 40,029	\$ 7,712	\$ 10,034
Additions .....	—	32,317	—
Deductions .....	(1,219)	—	(2,322)
Balance at end of year .....	<u>\$ 38,810</u>	<u>\$ 40,029</u>	<u>\$ 7,712</u>

**ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) was signed into law and includes certain income tax provisions relevant to businesses. The Company was 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 \$858,000 for the 2020 net operating loss at our TRS that was carried back to prior tax years.

On December 27, 2020, the Consolidated Appropriations Act, 2021 was signed into law, and extended several COVID-19 tax related measures passed as part of the “CARES Act.” The Company was required to recognize the effect on the consolidated financial statements in the period the law was enacted, which was the period ended December 31, 2020. The Consolidated Appropriations Act, 2021 did not have a material impact on the Company’s consolidated financial statements for the year ended December 31, 2020.

**20. Deferred Costs, net**

Deferred costs, net consist of the following (in thousands):

	December 31,	
	2021	2020
Deferred franchise fees.....	\$ 3,256	\$ 3,472
Deferred loan costs.....	5,278	—
Total costs.....	8,534	3,472
Accumulated amortization.....	(3,533)	(1,621)
Deferred costs, net.....	<u>\$ 5,001</u>	<u>\$ 1,851</u>

**21. Intangible Assets, net and Intangible Liabilities, net**

Intangible assets, net and intangible liabilities, net consisted of the following (in thousands):

	Intangible Assets, net		Intangible Liabilities, net	
	December 31,		December 31,	
	2021	2020	2021	2020
Cost.....	\$ 797	\$ 797	\$ 2,723	\$ 2,723
Accumulated amortization.....	—	—	(546)	(466)
	<u>\$ 797</u>	<u>\$ 797</u>	<u>\$ 2,177</u>	<u>\$ 2,257</u>

The intangible assets represents the acquisition of the permanent exclusive docking easement for riverfront land located in front of the Hyatt Savannah hotel in Savannah, Georgia. This intangible asset is not subject to amortization and has a carrying value of \$797,000 as of December 31, 2021 and 2020.

As of December 31, 2021 and 2020, intangible liabilities, net represents below market rate leases where the Company is the lessor. For the years ended December 31, 2021, 2020 and 2019 we recorded \$80,000, \$80,000, and \$81,000 of other revenue related to leases where we are the lessor.

Estimated future amortization for intangible liabilities for each of the next five years and thereafter is as follows (in thousands):

2022.....	\$ 80
2023.....	80
2024.....	36
2025.....	32
2026.....	32
Thereafter.....	1,917
Total.....	<u>\$ 2,177</u>

**ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**22. Concentration of Risk**

Our investments are primarily concentrated within the hotel industry. Our investment strategy is predominantly focused on investing in upper upscale full-service hotels in the U.S. that have RevPAR generally less than twice the national average. During 2021, no geographic area represented greater than 8% of our total hotel revenue. All hotel properties securing our mortgage loans are located domestically at December 31, 2021. Accordingly, adverse conditions in the hotel industry will have a material adverse effect on our operating and investment revenues and cash available for distribution to stockholders.

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, U.S. government treasury bill holdings and amounts due or payable under our derivative contracts. At December 31, 2021, we have exposure risk related to our derivative contracts. Our counterparties are investment grade financial institutions.

**23. 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. As of December 31, 2021 and December 31, 2020, all of our hotel properties were domestically located.

**ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**24. Selected Quarterly Financial Data (Unaudited)**

The following is a summary of the quarterly results of operations for the years ended December 31, 2021 and 2020 (in thousands, except per share data):

	<b>First Quarter</b>	<b>Second Quarter</b>	<b>Third Quarter</b>	<b>Fourth Quarter</b>	<b>Full Year</b>
<b><u>2021</u></b>					
Total revenue.....	\$ 115,830	\$ 193,412	\$ 247,434	\$ 248,735	\$ 805,411
Total operating expenses.....	185,803	229,411	252,442	264,371	932,027
Gain (loss) on disposition of assets and hotel properties.....	(69)	361	103	1,054	1,449
Operating income (loss).....	\$ (70,042)	\$ (35,638)	\$ (4,905)	\$ (14,582)	\$ (125,167)
Net income (loss).....	\$(105,390)	\$ (65,261)	\$ (44,049)	\$ (56,348)	\$ (271,048)
Net income (loss) attributable to the Company.....	\$(103,038)	\$ (64,292)	\$ (43,692)	\$ (55,983)	\$ (267,005)
Net income (loss) attributable to common stockholders.....	\$ (91,585)	\$ (69,470)	\$ (47,520)	\$ (59,289)	\$ (267,864)
Diluted income (loss) attributable to common stockholders per share.....	\$ (11.01) <sup>(2)</sup>	\$ (4.35)	\$ (1.70)	\$ (1.75)	\$ (12.43) <sup>(1)</sup>
Weighted average diluted common shares....	8,305 <sup>(2)</sup>	15,957	28,033	33,802	21,844
<b><u>2020</u></b>					
Total revenue.....	\$ 281,877	\$ 43,065	\$ 93,043	\$ 90,253	\$ 508,238
Total operating expenses.....	334,936	194,800	217,198	189,991	936,925
Gain (loss) on disposition of assets and hotel properties.....	3,623	(6)	(40,370)	73	(36,680)
Operating income (loss).....	\$ (49,436)	\$(151,741)	\$(164,525)	\$ (99,665)	\$ (465,367)
Net income (loss).....	\$(101,920)	\$(242,086)	\$(151,626)	\$ (137,590)	\$ (633,222)
Net income (loss) attributable to the Company.....	\$ (84,201)	\$(204,616)	\$(129,281)	\$ (125,778)	\$ (543,876)
Net income (loss) attributable to common stockholders.....	\$ (94,845)	\$(215,260)	\$(139,925)	\$ (70,486)	\$ (520,516)
Diluted income (loss) attributable to common stockholders per share.....	\$ (94.03) <sup>(2)</sup>	\$ (208.53) <sup>(2)</sup>	\$ (118.91) <sup>(2)</sup>	\$ (22.92) <sup>(2)</sup>	\$ (329.97) <sup>(1)(2)</sup>
Weighted average diluted common shares....	1,005 <sup>(2)</sup>	1,031 <sup>(2)</sup>	1,177 <sup>(2)</sup>	3,075 <sup>(2)</sup>	1,576 <sup>(2)</sup>

<sup>(1)</sup> The sum of the diluted income (loss) attributable to common stockholders per share for the four quarters in 2021 and 2020 differs from the annual diluted income (loss) attributable to common stockholders per share due to the required method of computing the weighted average diluted common shares in the respective periods.

<sup>(2)</sup> Amounts have been revised for the effects of the 1-for-10 reverse stock split. See note 1.

**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, 2021 (“Evaluation Date”). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of the Evaluation Date, our disclosure controls and procedures were effective (i) to ensure that information required to be disclosed in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms; and (ii) to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act 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, 2021. 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”).

Based on management’s assessment of these criteria, we concluded that, as of December 31, 2021, our internal control over financial reporting was effective. The effectiveness of our internal control over financial reporting as of December 31, 2021 has been audited by BDO USA, LLP, 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 changes in our internal controls over financial reporting that occurred during the fiscal quarter ended December 31, 2021, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

## **Report of Independent Registered Public Accounting Firm**

Stockholders and Board of Directors  
Ashford Hospitality Trust, Inc.  
Dallas, Texas

### **Opinion on Internal Control over Financial Reporting**

We have audited Ashford Hospitality Trust, Inc.'s (the "Company's") internal control over financial reporting as of December 31, 2021, 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 maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on the COSO criteria.

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, 2021 and 2020, the related consolidated statements of operations, comprehensive income (loss), equity (deficit), and cash flows for each of the three years in the period ended December 31, 2021, and the related notes and schedule and our report dated February 28, 2022 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.

### **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

Dallas, Texas  
February 28, 2022

**Item 9B. Other Information**

None.

**Item 9C. Disclosure Regarding Foreign Jurisdictions That Prevent Inspections**

Not applicable.

**PART III****Item 10. Directors, Executive Officers and Corporate Governance**

The required information is incorporated by reference from the Proxy Statement pertaining to our 2022 Annual Meeting of Stockholders, 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 required information is incorporated by reference from the Proxy Statement pertaining to our 2022 Annual Meeting of Stockholders, 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 required information is incorporated by reference from the Proxy Statement pertaining to our 2022 Annual Meeting of Stockholders, 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 required information is incorporated by reference from the Proxy Statement pertaining to our 2022 Annual Meeting of Stockholders, 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 required information is incorporated by reference from the Proxy Statement pertaining to our 2022 Annual Meeting of Stockholders, 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 70 through 132 hereof, for our consolidated financial statements and report of independent registered public accounting firm.

The following financial statement schedule is included herein on pages 144 through 147 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**

<b>Exhibit</b>	<b>Description</b>
2.1	Separation and Distribution Agreement, dated October 31, 2014, by and between Ashford Hospitality Trust, Inc., Ashford OP Limited Partner LLC, Ashford Hospitality Limited Partnership, Ashford Inc. and Ashford Hospitality Advisors LLC (incorporated by reference to Exhibit 2.1 to Form 8-K, filed on November 6, 2014, for the event dated October 31, 2014) (File No. 001-31775)
3.1	Articles of Amendment and Restatement, as amended by Amendment Number One to Articles of Amendment and Restatement (incorporated by reference to Exhibit 4.6 to Registration Statement on Form S-3 filed May 15, 2015)
3.2	Amendment Number Two to Articles of Amendment and Restatement (incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-K, filed on May 22, 2017) (File No. 00131775)
3.3	Articles of Amendment to the Company's charter (incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-K, filed on July 1, 2020) (File No. 001-31775)
3.4	Articles of Amendment to the Articles of Amendment and Restatement of the Company (incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-K, filed on July 16, 2021) (File No. 001-31775)
3.5	Second Amended and Restated Bylaws, as amended by Amendment No. 1 on October 26, 2014, by Amendment No. 2 on October 19, 2015 and by Amendment No. 3 on August 2, 2016 (incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-K, filed on August 8, 2016) (File No. 001-31775)
4.1	Form of Certificate for Common Stock (incorporated by reference to Exhibit 4.1 of Form S-11/A, filed on August 20, 2003) (File No. 001-31775)
4.1.1	Articles Supplementary for Series A Cumulative Preferred Stock, dated September 15, 2004 (incorporated by reference to Exhibit 4.1.1 of Form 10-K, filed on February 28, 2012) (File No. 001-31775)
4.1.2	Form of Certificate of Series A Cumulative Preferred Stock (incorporated by reference to Exhibit 4.1.2 of Form 10-K, filed on February 28, 2012) (File No. 001-31775)
4.2.1	Articles Supplementary for Series D Cumulative Preferred Stock, dated July 17, 2007 (incorporated by reference to Exhibit 3.5 to the Registrant's Form 8-A, filed July 17, 2007)
4.2.2	Form of Certificate of Series D Cumulative Preferred Stock (incorporated by reference to Exhibit 4.2 to the Registrant's Form 8-A, filed July 17, 2007)
4.3.1	Articles Supplementary for Series E Cumulative Preferred Stock, dated April 15, 2011 (incorporated by reference to Exhibit 3.6 to the Registrant's Form 8-A, filed April 18, 2011)
4.3.2	Form of Certificate of Series E Cumulative Preferred Stock (incorporated by reference to Exhibit 4.2 to the Registrant's Form 8-A, filed April 18, 2011)
4.4	Articles Supplementary for Series F Cumulative Preferred Stock, accepted for record and certified by the Maryland State Department of Assessments and Taxation on July 11, 2016 (incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-K, filed July 12, 2016) (File No. 001-31775)
4.5	Articles Supplementary for Series G Cumulative Preferred Stock, accepted for record and certified by the Maryland State Department of Assessments and Taxation on October 17, 2016 (incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-K, filed on October 18, 2016) (File No. 001-31775)
4.6	Articles Supplementary for Series H Cumulative Preferred Stock, accepted for record and certified by the Maryland State Department of Assessments and Taxation on August 18, 2017 (incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-K, filed on August 22, 2017) (File No. 001-31775)
4.7	Articles Supplementary for Series I Cumulative Preferred Stock, accepted for record and certified by the Maryland State Department of Assessments and Taxation on November 14, 2017 (incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-K, filed on November 14, 2017) (File No. 001-31775)
4.8 *	Description of Securities
10.1	Seventh Amended and Restated Agreement of Limited Partnership of Ashford Hospitality Limited Partnership (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K, filed on April 15, 2016) (File No. 001-31775)
10.1.2	Amendment No. 1 to Seventh Amended and Restated Agreement of Limited Partnership of Ashford Hospitality Limited Partnership, dated July 12, 2016 (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K, filed on July 12, 2016) (File No. 001-31775)
10.1.3	Amendment No. 2 to Seventh Amended and Restated Agreement of Limited Partnership of Ashford Hospitality Limited Partnership, dated October 18, 2016 (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K, filed on October 18, 2016) (File No. 001-31775)
10.1.4	Amendment No. 3 to Seventh Amended and Restated Agreement of Limited Partnership of Ashford Hospitality Limited Partnership, dated August 25, 2017 (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K, filed on August 25, 2017) (File No. 001-31775)
10.1.5	Amendment No. 4 to Seventh Amended and Restated Agreement of Limited Partnership of Ashford Hospitality Limited Partnership, dated November 17, 2017 (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K, filed on November 17, 2017) (File No. 001-31775)

Exhibit	Description
10.1.6	Amendment No. 5 to Seventh Amended and Restated Agreement of Limited Partnership of Ashford Hospitality Limited Partnership, dated December 13, 2017 (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K, filed on December 14, 2017) (File No. 001-31775)
10.1.7	Amendment No. 7 to Seventh Amended and Restated Agreement of Limited Partnership of Ashford Hospitality Limited Partnership, dated July 15, 2020 (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K, filed on July 15, 2020) (File No. 001-31775)
10.1.8	Amendment No. 8 to the Seventh Amended and Restated Agreement of Limited Partnership of Ashford Hospitality Limited Partnership, dated December 9, 2020 (incorporated by reference to Exhibit 99.1 to the Registrant's Form 8-K, filed on December 15, 2020) (File No. 001-31775)
10.2	Registration Rights Agreement among Ashford Hospitality Trust, Inc. and the persons named therein (incorporated by reference to Exhibit 10.2 of Form S-11/A, filed on July 31, 2003) (File No. 001-31775)
10.3.1†	2011 Stock Incentive Plan of Ashford Hospitality Trust, Inc. dated May 17, 2011 (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K, filed on May 20, 2011, for the event dated May 17, 2011) (File No. 001-31775)
10.3.1.1†	Amendment No. 1 to 2011 Incentive Stock Plan of Ashford Hospitality Trust, Inc., dated May 13, 2014 (incorporated by reference to Exhibit 10.2 of Form 8-K, filed on May 19, 2014) (File No. 001-31775)
10.3.1.2†	Amendment No. 2. to 2011 Incentive Stock Plan of Ashford Hospitality Trust, Inc., dated August 2, 2016 (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K, filed August 8, 2016) (File No. 001-31775)
10.3.1.3†	Amendment No. 3 to 2011 Incentive Stock Plan of Ashford Hospitality Trust, Inc., dated May 16, 2017 (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K, filed May 22, 2017) (File No. 001-31775)
10.3.1.4†	Amendment No. 4 to 2011 Incentive Stock Plan of Ashford Hospitality Trust, Inc., dated July 15, 2020 (incorporated by reference to Exhibit 10.2 to the Registrant's Form 8-K, filed on July 15, 2020) (File No. 001-31775)
10.3.2.1†*	2021 Stock Incentive Plan of Ashford Hospitality Trust, Inc., dated May 12, 2021
10.3.2.2†	Amendment No. 1 to the 2021 Stock Incentive Plan of Ashford Hospitality Trust, Inc., dated July 16, 2021 (incorporated by reference to Exhibit 10.2 to the Registrant's Form 8-K, filed on July 16, 2021) (File No. 001-31775)
10.3.2†	Form of LTIP Unit Award Agreement, dated March 21, 2008 (incorporated by reference to Exhibit 10.3.3 of Form 10-K, filed on March 3, 2014) (File No. 001-31775)
10.3.3†	Form of Performance LTIP Unit Award Agreement (incorporated by reference to Exhibit 99.1 to the Registrant's Form 8-K, filed on April 7, 2016) (File No. 001-31775)
10.3.4†	Form of Performance Stock Unit Award Agreement (incorporated by reference to Exhibit 99.2 to the Registrant's Form 8-K, filed on April 7, 2016) (File No. 001-31775)
10.3.5†	Amended and Restated Form of Performance Stock Unit Award Agreement (incorporated by reference to Exhibit 10.3.6 of Form 10-K, filed on March 16, 2017) (File No. 001-31775)
10.3.6†	Amended and Restated Form of Performance LTIP Unit Award Agreement (incorporated by reference to Exhibit 10.3.7 of Form 10-K, filed on March 16, 2017) (File No. 001-31775)
10.3.7†	Form of LTIP Unit Award Agreement (incorporated by reference to Exhibit 10.3.7 of Form 10-K, filed on March 12, 2020) (File No. 001-31775)
10.3.8†	Form of Performance LTIP Unit Award Agreement (incorporated by reference to Exhibit 10.3.8 of Form 10-K, filed on March 12, 2020) (File No. 001-31775)
10.3.9†	Form of Performance Stock Unit Award Agreement (incorporated by reference to Exhibit 10.3.9 of Form 10-K, filed on March 12, 2020) (File No. 001-31775)
10.3.10†	Second Amended and Restated Employment Agreement, by and among Ashford Inc., Ashford Hospitality Advisors, LLC, and J. Robison Hays, III, dated as of January 4, 2021 (incorporated by reference to Exhibit 99.1 of Form 8-K, filed on January 5, 2021) (File No. 001-31775)
10.4	Non-Compete/Services Agreement, dated as of March 21, 2008, between Ashford Hospitality Trust, Inc. and Archie Bennett, Jr. (incorporated by reference to Exhibit 10.4 of Form 10-K, filed on March 3, 2014) (File No. 001-31775)
10.5	Chairman Emeritus Agreement, dated January 7, 2013, between Ashford Hospitality Trust, Inc. Ashford Hospitality Limited Partnership, and Archie Bennett, Jr. (incorporated by reference to Exhibit 10.1 of Form 8-K filed on January 9, 2013) (File No. 001-31775)
10.6.1	Form of Management Agreement between Remington Lodging and Ashford TRS Corporation (incorporated by reference to Exhibit 10.10 of Form S-11/A, filed on July 31, 2003) (File No. 001-31775)
10.6.2	Hotel Management Agreement between Remington Management, L.P. and Ashford TRS companies (incorporated by reference to Exhibit 10.6.1 of Form 10-K, filed on February 28, 2012) (File No. 001-31775)
10.6.3	Hotel Master Management Agreement between Remington Lodging & Hospitality, LLC and PHH TRS Corporation (incorporated by reference to Exhibit 10.6.2 of Form 10-K, filed on February 28, 2012) (File No. 001-31775)
10.6.4	First Amendment to Hotel Master Management Agreement between Remington Lodging & Hospitality, LLC and Ashford TRS Corporation dated August 29, 2003, effective November 19, 2013 (incorporated by reference to Exhibit 10.2 of Form 8-K, filed on November 25, 2013, for the event dated November 19, 2013) (File No. 001-31775)
10.6.5	First Amendment to Hotel Master Management Agreement between Remington Lodging & Hospitality, LLC and Ashford TRS Corporation dated September 29, 2006, effective November 19, 2013 (incorporated by reference to Exhibit 10.3 of Form 8-K, filed on November 25, 2013, for the event dated November 19, 2013) (File No. 001-31775)

<b>Exhibit</b>	<b>Description</b>
10.7	Form of Lease Agreement between Ashford Hospitality Limited Partnership and Ashford TRS Corporation (incorporated by reference to Exhibit 10.11 of Form S-11/A, filed on July 31, 2003) (File No. 001-31775)
10.8	Contribution and Purchase and Sale Agreement, dated December 27, 2004, between the Registrant and FGSB Master Corp. (incorporated by reference to Exhibit 10.12 of Form 10-K, filed on March 1, 2013) (File No. 001-31775)
10.9	Release and Waiver Agreement, Dated March 31, 2011, by and between Ashford Hospitality Trust, Inc. and Mr. Alan Tallis, former Executive Vice President of Ashford Hospitality Trust, Inc. (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K, filed on April 6, 2011, for the event dated April 11, 2011) (File No. 001-31775)
10.10	Indemnity Agreement dated March 10, 2011, between the Registrant and Remington Lodging & Hospitality, LLC (incorporated by reference to Exhibit 10.31 to the Registrant's Form 10-Q, filed on May 10, 2011) (File No. 001-31775)
10.11	Right of First Offer Agreement between Ashford Hospitality Trust, Inc. and Ashford Hospitality Prime, Inc., dated November 19, 2013 (incorporated by reference to Exhibit 10.6 of Form 8-K, filed on November 25, 2013, for the event dated November 19, 2013) (File No. 001-31775)
10.12	Option Agreement Pier House Resort 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 10.7 of Form 8-K, filed on November 25, 2013, for the event dated November 19, 2013) (File No. 001-31775)
10.13	Option Agreement Crystal Gateway Marriott 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 10.8 of Form 8-K, filed on November 25, 2013, for the event dated November 19, 2013) (File No. 001-31775)
10.14	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 10.9 of Form 8-K, filed on November 25, 2013, for the event dated November 19, 2013) (File No. 001-31775)
10.15	Assignment, Assumption and Admission Agreement, dated as of September 10, 2014, by and between Ashford Hospitality Advisors LLC and Monty Bennett, regarding the sale of Class B company interests of AIM Management Holdco, LLC (incorporated by reference to Exhibit 10.3 of Form 8-K, filed on September 10, 2014, for the event dated September 10, 2014) (File No. 001-31775)
10.16	Assignment, Assumption and Admission Agreement, dated as of September 10, 2014, by and between Ashford Hospitality Advisors LLC and Rob Hays, regarding the sale of Class B company interests of AIM Management Holdco, LLC (incorporated by reference to Exhibit 10.4 of Form 8-K, filed on September 10, 2014, for the event dated September 10, 2014) (File No. 001-31775)
10.17	Assignment, Assumption and Admission Agreement, dated as of September 10, 2014, by and between Ashford Hospitality Advisors LLC and Monty Bennett, regarding the sale of Class B limited partnership interests of AIM Performance Holdco, LP (incorporated by reference to Exhibit 10.5 of Form 8-K, filed on September 10, 2014, for the event dated September 10, 2014) (File No. 001-31775)
10.18	Assignment, Assumption and Admission Agreement, dated as of September 10, 2014, by and between Ashford Hospitality Advisors LLC and Rob Hays, regarding the sale of Class B limited partnership interests of AIM Performance Holdco, LP (incorporated by reference to Exhibit 10.6 of Form 8-K, filed on September 10, 2014, for the event dated September 10, 2014) (File No. 001-31775)
10.19	Amended and Restated Limited Liability Company Agreement of Ashford Hospitality Advisors LLC (incorporated by reference to Exhibit 10.1 of Form 8-K, filed on October 15, 2014) (File No. 001-31775)
10.20	Third Amended and Restated Limited Partnership Agreement of AIM Performance Holdco, LP (incorporated by reference to Exhibit 10.1 of Form 8-K, filed on November 6, 2014, for the event dated November 5, 2014) (File No. 001-31775)
10.21	Second Amended and Restated Limited Liability Company Operating Agreement of AIM Management Holdco, LLC (incorporated by reference to Exhibit 10.2 of Form 8-K, filed on November 6, 2014, for the event dated November 5, 2014) (File No. 001-31775)
10.22	Tax Matters Agreement, dated October 31, 2014, between Ashford Inc., Ashford Hospitality Advisors LLC, Ashford Hospitality Trust, Inc. and Ashford Hospitality Limited Partnership (incorporated by reference to Exhibit 10.1 to Form 8-K, filed on November 6, 2014, for the event dated October 31, 2014) (File No. 001-31775)
10.23.1	Amended and Restated Advisory Agreement, dated as of June 10, 2015, by and between Ashford Hospitality Trust, Inc., Ashford Hospitality Limited Partnership, Ashford TRS Corporation, Ashford Inc. and Ashford Hospitality Advisors LLC (incorporated by reference to Exhibit 10.1 of Form 8-K, filed on June 12, 2015) (File No. 001-31775)
10.23.2	Enhanced Return Funding Program Agreement and Amendment No. 1 to the Amended and Restated Advisory Agreement, dated June 26, 2018, among Ashford Hospitality Trust, Inc., Ashford Hospitality Limited Partnership, Ashford TRS Corporation, Ashford Inc. and Ashford Hospitality Advisors LLC, dated June 26, 2018, incorporated by reference to Exhibit 10.1 of the Company's Form 8-K filed on June 26, 2018 (File No. 001-31775)
10.23.3	Extension Agreement to Enhanced Return Funding Program Agreement and Amendment No. 1 to the Amended and Restated Advisory Agreement, dated March 13, 2020, by and among Ashford Hospitality Trust, Inc., Ashford Hospitality Limited Partnership, Ashford TRS Corporation, Ashford Inc., and Ashford Hospitality Advisors LLC (incorporated by reference to Exhibit 10.2 of Form 8-K filed on March 16, 2020)

<b>Exhibit</b>	<b>Description</b>
10.23.4	Second Amended and Restated Advisory Agreement, dated as of January 14, 2021, by and between Ashford Hospitality Trust, Inc., Ashford Hospitality Limited Partnership, Ashford TRS Corporation, Ashford Inc. and Ashford Hospitality Advisors LLC. (incorporated by reference to Exhibit 10.1 of Form 8-K filed on January 15, 2021)
10.24	Assignment and Assumption Agreement, dated as of November 12, 2014 by and between Ashford Hospitality Trust, Inc., Ashford Hospitality Limited Partnership and Ashford Hospitality Advisors LLC (incorporated by reference to Exhibit 10.2 to Form 8-K, filed on November 18, 2014, for the event dated November 12, 2014) (File No. 001-31775)
10.25	Licensing Agreement, dated as of November 12, 2014 by and between Ashford Hospitality Advisors LLC, Ashford Hospitality Trust, Inc. and Ashford Hospitality Limited Partnership (incorporated by reference to Exhibit 10.3 to Form 8-K, filed on November 18, 2014, for the event dated November 12, 2014) (File No. 001-31775)
10.26	Letter Agreement dated December 14, 2014, between PRISA III Investments, LLC, a Delaware limited liability company and Ashford Hospitality Limited Partnership, a Delaware limited partnership (incorporated by reference to Exhibit 10.1 to Form 8-K, filed on December 19, 2014) (File No. 001-31775)
10.27	Letter Agreement, dated September 17, 2015, by and between Ashford Hospitality Trust, Inc., and Ashford Inc. (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K filed on September 18, 2015) (File No. 001-31775)
10.28	Restricted Stock Award Agreement, dated February 20, 2017, by and between Ashford Hospitality Trust, Inc. and Douglas A. Kessler (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K filed on February 21, 2017) (File No. 001-31775).
10.29	Amended and Restated Employment Agreement, dated as of February 20, 2017, by and among Ashford Inc., Ashford Hospitality Advisors LLC and Douglas A. Kessler (incorporated by reference to Exhibit 10.2 to the Registrant's Form 8-K filed on February 21, 2017) (File No. 001-31775).
10.30	Indemnification Agreement, dated as of February 20, 2017, by and between Ashford Hospitality Trust, Inc. and Douglas A. Kessler (incorporated by reference to Exhibit 10.3 to the Registrant's Form 8-K filed on February 21, 2017) (File No. 001-31775).
10.31	Loan Agreement, dated as of June 13, 2018, between Bank of America, N.A., Barclays Bank PLC and Morgan Stanley Bank, N.A., as lenders, and Ashford Tipton Lakes LP, Ashford Scottsdale LP, Ashford Phoenix Airport LP, Ashford Hawthorne LP, Ashford San Jose LP, Ashford LV Hughes Center LP and Ashford Plymouth Meeting LP, as borrowers (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K filed on June 19, 2018) (File No. 001-31775)
10.32	Senior Mezzanine Loan Agreement, dated June 13, 2018, between Bank of America, N.A., Barclays Bank PLC and Morgan Stanley Mortgage Capital Holdings LLC, as lenders, and Ashford Senior A LLC, as borrower (incorporated by reference to Exhibit 10.2 to the Registrant's Form 8-K filed on June 19, 2018) (File No. 001-31775)
10.33	Loan Agreement, dated June 13, 2018, between Bank of America, N.A., Barclays Bank PLC and Morgan Stanley Bank, N.A., as lenders, and Ashford Newark LP, Ashford BWI Airport LP, Ashford Oakland LP, Ashford Plano-C LP, Ashford Plano-R LP, Ashford Manhattan Beach LP and Ashford Basking Ridge LP as borrowers (incorporated by reference to Exhibit 10.3 to the Registrant's Form 8-K filed on June 19, 2018) (File No. 001-31775)
10.34	Senior Mezzanine Loan Agreement, dated June 13, 2018, between Bank of America, N.A., Barclays Bank PLC and Morgan Stanley Mortgage Capital Holdings LLC, as lenders, and Ashford Senior B LLC, as borrower (incorporated by reference to Exhibit 10.4 to the Registrant's Form 8-K filed on June 19, 2018) (File No. 001-31775)
10.35	Loan Agreement, dated as of June 13, 2018, between Bank of America, N.A., Barclays Bank PLC and Morgan Stanley Bank, N.A., as lenders, and Ashford MV San Diego LP, Ashford Bucks County LLC, New Fort Tower I Hotel Limited Partnership, Ashford Coral Gables LP and Ashford Minneapolis Airport LP, as borrowers (incorporated by reference to Exhibit 10.5 to the Registrant's Form 8-K filed on June 19, 2018) (File No. 001-31775)
10.36	Senior Mezzanine Loan Agreement, dated June 13, 2018, between Bank of America, N.A., Barclays Bank PLC and Morgan Stanley Mortgage Capital Holdings LLC, as lenders, and Ashford Senior C LLC, as borrower (incorporated by reference to Exhibit 10.6 to the Registrant's Form 8-K filed on June 19, 2018) (File No. 001-31775)
10.37	Junior Mezzanine Loan Agreement, dated June 13, 2018, between Bank of America, N.A., Barclays Bank PLC and Morgan Stanley Mortgage Capital Holdings LLC, as lenders, and Ashford Junior C LLC, as borrower (incorporated by reference to Exhibit 10.7 to the Registrant's Form 8-K filed on June 19, 2018) (File No. 001-31775)
10.38	Loan Agreement, dated as of June 13, 2018, between Bank of America, N.A., Barclays Bank PLC and Morgan Stanley Bank, N.A., as lenders, and Ashford Dulles LP, Ashford Santa Fe LP, Ashford Market Center LP, New Beverly Hills Hotel Limited Partnership and Ashford Atlantic Beach LP, as borrowers (incorporated by reference to Exhibit 10.8 to the Registrant's Form 8-K filed on June 19, 2018) (File No. 001-31775)
10.39	Senior Mezzanine Loan Agreement, dated June 13, 2018, between Bank of America, N.A., Barclays Bank PLC and Morgan Stanley Mortgage Capital Holdings LLC, as lenders, and Ashford Senior D LLC, as borrower (incorporated by reference to Exhibit 10.9 to the Registrant's Form 8-K filed on June 19, 2018) (File No. 001-31775)
10.40	Junior Mezzanine Loan Agreement, dated June 13, 2018, between Bank of America, N.A., Barclays Bank PLC and Morgan Stanley Mortgage Capital Holdings LLC, as lenders, and Ashford Junior D LLC, as borrower (incorporated by reference to Exhibit 10.10 to the Registrant's Form 8-K filed on June 19, 2018) (File No. 001-31775)
10.41	Loan Agreement, dated as of June 13, 2018, between Bank of America, N.A., Barclays Bank PLC and Morgan Stanley Bank, N.A., as lenders, and Ashford Memphis LP, Ashford Philly LP, Ashford Anchorage LP, Ashford Lakeway LP and Ashford Fremont LP, as borrowers (incorporated by reference to Exhibit 10.11 to the Registrant's Form 8-K filed on June 19, 2018) (File No. 001-31775)

<b>Exhibit</b>	<b>Description</b>
10.42	Senior Mezzanine Loan Agreement, dated June 13, 2018, between Bank of America, N.A., Barclays Bank PLC and Morgan Stanley Mortgage Capital Holdings LLC, as lenders, and Ashford Senior E LLC, as borrower (incorporated by reference to Exhibit 10.12 to the Registrant's Form 8-K filed on June 19, 2018) (File No. 001-31775)
10.43	Junior Mezzanine Loan Agreement, dated June 13, 2018, between Bank of America, N.A., Barclays Bank PLC and Morgan Stanley Mortgage Capital Holdings LLC, as lenders, and Ashford Junior E LLC, as borrower (incorporated by reference to Exhibit 10.13 to the Registrant's Form 8-K filed on June 19, 2018) (File No. 001-31775)
10.44	Loan Agreement, dated as of June 13, 2018, between Bank of America, N.A., Barclays Bank PLC and Morgan Stanley Bank, N.A., as lenders, and Ashford Downtown Atlanta LP, Ashford Flagstaff LP, Ashford Walnut Creek LP, Ashford Bridgewater Hotel Partnership, LP and Ashford Durham I LLC, as borrowers (incorporated by reference to Exhibit 10.14 to the Registrant's Form 8-K filed on June 19, 2018) (File No. 001-31775)
10.45	Senior Mezzanine Loan Agreement, dated June 13, 2018, between Bank of America, N.A., Barclays Bank PLC and Morgan Stanley Mortgage Capital Holdings LLC, as lenders, and Ashford Senior F LLC, as borrower (incorporated by reference to Exhibit 10.15 to the Registrant's Form 8-K filed on June 19, 2018) (File No. 001-31775)
10.46	Junior Mezzanine Loan Agreement, dated June 13, 2018, between Bank of America, N.A., Barclays Bank PLC and Morgan Stanley Mortgage Capital Holdings LLC, as lenders, and Ashford Junior F LLC, as borrower (incorporated by reference to Exhibit 10.16 to the Registrant's Form 8-K filed on June 19, 2018) (File No. 001-31775)
10.47	Consolidated, Amended and Restated Hotel Master Management Agreement, dated August 8, 2018, by and among Ashford TRS Corporation, RI Manchester Tenant Corporation, CY Manchester Tenant Corporation and Remington Lodging & Hospitality, LLC (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K filed on August 14, 2018) (File No. 001-31775)
10.48	Master Project Management Agreement, dated August 8, 2018, by and among Ashford TRS Corporation, RI Manchester Tenant Corporation, CY Manchester Tenant Corporation, Project Management LLC and Ashford Hospitality Limited Partnership (incorporated by reference to Exhibit 10.2 to the Registrant's Form 8-K filed on August 14, 2018) (File No. 001-31775)
10.49	Amended and Restated Mutual Exclusivity Agreement, dated August 8, 2018, by and among Ashford Hospitality Limited Partnership, Ashford Hospitality Trust, Inc. and Remington Lodging & Hospitality, LLC, as consented to by Monty J. Bennett (incorporated by reference to Exhibit 10.3 to the Registrant's Form 8-K filed on August 14, 2018) (File No. 001-31775)
10.50	Mutual Exclusivity Agreement, dated August 8, 2018, dated August 8, 2018, by and among Ashford Hospitality Limited Partnership, Ashford Hospitality Trust, Inc. and Project Management LLC (incorporated by reference to Exhibit 10.4 to the Registrant's Form 8-K filed on August 14, 2018) (File No. 001-31775)
10.51	Investor Agreement, dated as of January 15, 2021, by and among Ashford Hospitality Trust, Inc., OPPS AHT Holdings, LLC and ROF8 AHT PT, LLC (incorporated by reference to Exhibit 10.2 to the Registrant's Form 8-K, filed on January 15, 2021) (File No. 001-31775)
10.52	Subordination and Non-Disturbance Agreement, dated as of January 15, 2021, by and among Oaktree Fund Administration, LLC as the Administrative Agent and collateral agent on behalf of the Lenders, Ashford Inc., Ashford Hospitality Advisors LLC, Ashford Hospitality Trust, Inc., Ashford Hospitality Limited Partnership, Ashford TRS Corporation, Remington Lodging & Hospitality, LLC, Premier Project Management, LLC and Lismore Capital II LLC (incorporated by reference to Exhibit 10.3 to the Registrant's Form 8-K, filed on January 15, 2021) (File No. 001-31775)
10.53	Standby Equity Distribution Agreement, dated as of January 22, 2021, by and between Ashford Hospitality Trust, Inc. and YA II PN, Ltd. (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K, filed on January 22, 2021) (File No. 001-31775)
10.54	Credit Agreement, dated as of January 15, 2021, by and among Ashford Hospitality Trust, Inc., Ashford Hospitality Limited Partnership, OPPS AHT Holdings, LLC, ROF8 AHT PT, LLC, Oaktree Phoenix Investment Fund AIF (Delaware), L.P., and Oaktree Fund Administration, LLC, as administrative agent (incorporated by reference to Exhibit 10.1 of Form 8-K filed on January 15, 2021) (File No. 001-31775)
10.55	Amendment No. 1 to the Credit Agreement, dated as of October 12, 2021, by and among Ashford Hospitality Trust, Inc., Ashford Hospitality Limited Partnership, OPPS AHT Holdings, LLC, ROF8 AHT PT, LLC, The Lenders Phoenix Investment Fund AIF (Delaware), L.P., and Oaktree Fund Administration, LLC, as administrative agent. (incorporated by reference to Exhibit 10.2 to the Registrant's Form 8-K, filed on October 13, 2021) (File No. 001-31775)
10.56	Limited Waiver to Credit Agreement, dated as of November 19, 2021, by and among Ashford Hospitality Trust, Inc., Ashford Hospitality Limited Partnership, the guarantors party thereto, the Lenders party thereto and Oaktree Fund Administration, LLC, as administrative agent. (incorporated by reference to Exhibit 10.3 to the Registrant's Form 8-K, filed on November 23, 2021) (File No. 001-31775)
10.57	Purchase Agreement, dated as of March 12, 2021, by and between the Company and Lincoln Park Capital Fund, LLC. (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K, filed on March 15, 2021) (File No. 001-31775)
10.58	Registration Rights Agreement, dated as of March 12, 2021, by and between the Company and Lincoln Park Capital Fund, LLC. (incorporated by reference to Exhibit 10.2 to the Registrant's Form 8-K, filed on March 15, 2021) (File No. 001-31775)
10.59	Common Stock Purchase Agreement, dated as of May 17, 2021, by and between the Company and Keystone Capital Partners, LLC. (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K, filed on May 18, 2021) (File No. 001-31775)

Exhibit	Description
10.60	Registration Rights Agreement, dated as of May 17, 2021, by and between the Company and Keystone Capital Partners, LLC. (incorporated by reference to Exhibit 10.2 to the Registrant's Form 8-K, filed on May 18, 2021) (File No. 001-31775)
10.61	Standby Equity Distribution Agreement, dated as of June 7, 2021, by and between Ashford Hospitality Trust, Inc. and YA II PN, Ltd. (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K, filed on June 8, 2021) (File No. 001-31775)
10.62	Common Stock Purchase Agreement, dated as of June 18, 2021, by and between the Company and Seven Knots Capital Partners, LLC. (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K, filed on June 21, 2021) (File No. 001-31775)
10.63	Registration Rights Agreement, dated as of June 18, 2021, by and between the Company and Seven Knots Capital Partners, LLC. (incorporated by reference to Exhibit 10.2 to the Registrant's Form 8-K, filed on June 21, 2021) (File No. 001-31775)
10.64	Common Stock Purchase Agreement, dated as of July 2, 2021, by and between the Company and B. Riley Principal Capital, LLC. (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K, filed on July 2, 2021) (File No. 001-31775)
10.65	Registration Rights Agreement, dated as of July 2, 2021, by and between the Company and B. Riley Principal Capital, LLC. (incorporated by reference to Exhibit 10.2 to the Registrant's Form 8-K, filed on July 2, 2021) (File No. 001-31775)
10.66	Common Stock Purchase Agreement, dated as of September 9, 2021, by and between the Company and M3A LP. (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K, filed on September 9, 2021) (File No. 001-31775)
10.67	Registration Rights Agreement, dated as of September 9, 2021, by and between the Company and M3A LP (incorporated by reference to Exhibit 10.2 to the Registrant's Form 8-K, filed on September 9, 2021) (File No. 001-31775)
21.1*	Registrant's Subsidiaries Listing as of December 31, 2021
21.2*	Registrant's Special-Purpose Entities Listing as of December 31, Registrant's Special-Purpose Entities Listing as of December 31, 2021
23.1*	Consent of BDO USA, LLP
31.1*	Certification of the Chief Executive Officer required by Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended
31.2*	Certification of the Chief Financial Officer required by Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended
32.1**	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.)
32.2**	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.)
99.1	Second Amended and Restated Employment Agreement, by and among Ashford Inc., Ashford Hospitality Advisors, LLC, and J. Robison Hays, III, dated as of January 4, 2021 (incorporated by reference to Exhibit 99.1 of Form 8-K, filed on January 5, 2021)(File No. 001-31775)
99.2	Consulting and Cooperation Agreement, by and among Ashford Inc., Ashford Hospitality Advisors LLC, and Robert G. Haiman, dated as of June 30, 2021 (incorporated by reference to Exhibit 99.1 to the Current Report on Form 8-K filed on June 30, 2021)

The following materials from the Company's Annual Report on Form 10-K for the year ended December 31, 2021 are formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Balance Sheets; (ii) Consolidated Statements of Operations; (iii) Consolidated Statements of Comprehensive Income (Loss); (iii) Consolidated Statements of Equity (Deficit); (iv) Consolidated Statements of Cash Flows; and (v) 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)	

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\* Filed herewith.

\*\* Furnished herewith.

† Management contract or compensatory plan or arrangement.

#### **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 February 28, 2022.

ASHFORD HOSPITALITY TRUST, INC.

By: /s/ J. ROBISON HAYS, III

J. Robison Hays, III

President and Chief Executive Officer

Pursuant to the requirements 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>
<u>/s/ MONTY J. BENNETT</u> Monty J. Bennett	Chairman of the Board of Directors	February 28, 2022
<u>/s/ J. ROBISON HAYS, III</u> J. Robison Hays, III	President and Chief Executive Officer (Principal Executive Officer)	February 28, 2022
<u>/s/ DERIC S. EUBANKS</u> Deric S. Eubanks	Chief Financial Officer (Principal Financial Officer)	February 28, 2022
<u>/s/ MARK L. NUNNELEY</u> Mark L. Nunneley	Chief Accounting Officer (Principal Accounting Officer)	February 28, 2022
<u>/s/ BENJAMIN J. ANSELL, M.D.</u> Benjamin J. Ansell, M.D.	Director	February 28, 2022
<u>/s/ FREDERICK J. KLEISNER</u> Frederick J. Kleisner	Director	February 28, 2022
<u>/s/ AMISH GUPTA</u> Amish Gupta	Director	February 28, 2022
<u>/s/ KAMAL JAFARNIA</u> Kamal Jafarnia	Director	February 28, 2022
<u>/s/ SHERI L. PANTERMUEHL</u> Sheri L. Pantermuehl	Director	February 28, 2022
<u>/s/ ALAN L. TALLIS</u> Alan L. Tallis	Director	February 28, 2022



**SCHEDULE III**  
**ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES**  
**REAL ESTATE AND ACCUMULATED DEPRECIATION**  
**December 31, 2021**  
**(dollars in thousands)**

Column A			Column B		Column C		Column D		Column E			Column F	Column G	Column H	Column I
Hotel Property	Location	Encumbrances	Initial Cost		Costs Capitalized Since Acquisition		Gross Carrying Amount At Close of Period			Accumulated Depreciation	Construction Date	Acquisition Date	Income Statement		
			Land	FF&E, Buildings and Improvements	Land	FF&E, Buildings and Improvements	Land	FF&E, Buildings and Improvements	Total						
Embassy Suites	Austin, TX	\$ 23,363	\$ 1,204	\$ 9,388	\$ 193	\$ 5,081	\$ 1,397	\$ 14,469	\$ 15,866	\$ 8,324	08/1998		(1), (2), (3)		
Embassy Suites	Dallas, TX	15,465	1,878	8,907	238	4,894	2,116	13,801	15,917	8,250	12/1998		(1), (2), (3)		
Embassy Suites	Herndon, VA	25,120	1,303	9,836	277	5,781	1,580	15,617	17,197	9,524	12/1998		(1), (2), (3)		
Embassy Suites	Las Vegas, NV	30,282	3,307	16,952	397	7,866	3,704	24,818	28,522	15,284	05/1999		(1), (2), (3)		
Embassy Suites	Flagstaff, AZ	18,400	1,267	4,278	—	2,206	1,267	6,484	7,751	3,536		10/2003	(1), (2), (3)		
Embassy Suites	Houston, TX	17,810	1,799	10,404	—	3,710	1,799	14,114	15,913	6,736		03/2005	(1), (2), (3)		
Embassy Suites	West Palm Beach, FL	19,802	3,277	13,949	—	5,139	3,277	19,088	22,365	9,768		03/2005	(1), (2), (3)		
Embassy Suites	Philadelphia, PA	28,698	5,791	34,819	—	15,098	5,791	49,917	55,708	25,588		12/2006	(1), (2), (3)		
Embassy Suites	Walnut Creek, CA	49,920	7,452	25,334	—	19,698	7,452	45,032	52,484	23,678		12/2006	(1), (2), (3)		
Embassy Suites	Arlington, VA	46,355	36,065	41,588	—	16,383	36,065	57,971	94,036	25,594		04/2007	(1), (2), (3)		
Embassy Suites	Portland, OR	88,435	11,110	60,048	—	4,873	11,110	64,921	76,031	25,258		04/2007	(1), (2), (3)		
Embassy Suites	Santa Clara, CA	67,440	8,948	46,239	—	15,515	8,948	61,754	70,702	28,774		04/2007	(1), (2), (3)		
Embassy Suites	Orlando, FL	22,526	5,674	21,593	—	7,568	5,674	29,161	34,835	12,898		04/2007	(1), (2), (3)		
Hilton Garden Inn	Jacksonville, FL	11,755	1,751	9,164	—	5,149	1,751	14,313	16,064	8,208		11/2003	(1), (2), (3)		
Hilton Garden Inn	Austin, TX	66,525	7,605	48,725	—	992	7,605	49,717	57,322	10,993		03/2015	(1), (2), (3)		
Hilton Garden Inn	Baltimore, MD	16,284	4,027	20,199	—	5,910	4,027	26,109	30,136	7,312		03/2015	(1), (2), (3)		
Hilton Garden Inn	Virginia Beach, VA	32,269	4,101	26,329	—	(171)	4,101	26,158	30,259	4,927		03/2015	(1), (2), (3)		
Hilton	Ft. Worth, TX	62,000	4,538	13,922	—	19,926	4,539	33,848	38,387	16,772		03/2005	(1), (2), (3)		
Hilton	Houston, TX	19,949	2,200	13,247	—	6,969	2,200	20,216	22,416	10,217		03/2005	(1), (2), (3)		
Hilton	St. Petersburg, FL	48,730	2,991	13,907	(1,130)	17,416	1,861	31,323	33,184	14,646		03/2005	(1), (2), (3)		
Hilton	Santa Fe, NM	26,400	7,004	10,689	—	4,641	7,004	15,330	22,334	8,084		12/2006	(1), (2), (3)		
Hilton	Bloomington, MN	46,800	5,685	59,139	—	7,210	5,685	66,349	72,034	28,081		04/2007	(1), (2), (3)		
Hilton	Costa Mesa, CA	65,672	12,917	91,791	—	9,942	12,917	101,733	114,650	41,091		04/2007	(1), (2), (3)		
Hilton	Boston, MA	98,000	62,555	134,407	—	8,774	62,555	143,181	205,736	30,993		03/2015	(1), (2), (3)		
Hilton	Parsippany, NJ	38,227	7,293	58,098	—	3,573	7,293	61,671	68,964	16,514		03/2015	(1), (2), (3)		
Hilton	Tampa, FL	27,553	5,206	21,186	—	10,159	5,206	31,345	36,551	13,015		03/2015	(1), (2), (3)		
Hilton	Alexandria, VA	73,450	14,459	96,602	—	927	14,459	97,529	111,988	9,671		06/2018	(1), (2), (3)		
Hilton	Santa Cruz, CA	23,883	9,399	38,129	—	(1,326)	9,399	36,803	46,202	3,287		02/2019	(1), (2), (3)		
Hampton Inn	Lawrenceville, GA	5,256	697	3,808	—	1,498	697	5,306	6,003	2,633		11/2003	(1), (2), (3)		
Hampton Inn	Evansville, IN	11,118	1,301	5,034	—	1,142	1,301	6,176	7,477	2,921		09/2004	(1), (2), (3)		
Hampton Inn	Parsippany, NJ	18,716	3,268	24,306	—	324	3,268	24,630	27,898	5,260		03/2015	(1), (2), (3)		
Hampton Inn	Buford, GA	8,371	1,168	5,338	—	4,289	1,168	9,627	10,795	4,687		07/2004	(1), (2), (3)		
Marriott	Beverly Hills, CA	123,120	6,510	22,061	—	15,211	6,510	37,272	43,782	22,489		03/2005	(1), (2), (3)		
Marriott	Durham, NC	26,800	1,794	25,056	—	16,295	1,794	41,351	43,145	20,510		02/2006	(1), (2), (3)		

Hotel Property	Location	Encumbrances	Column B		Column C		Column D		Column E			Column F	Column G	Column H
			Initial Cost		Costs Capitalized Since Acquisition		Gross Carrying Amount At Close of Period							
			Land	FF&E, Buildings and Improvements	Land	FF&E, Buildings and Improvements	Land	Buildings and Improvements	Total					
Marriott	Arlington, VA	84,000	20,637	101,376	—	40,765	20,637	142,141	162,778	68,930	07/2006		(1), (2), (3)	
Marriott	Bridgewater, NJ	71,200	5,059	89,268	—	19,689	5,059	108,957	114,016	42,679	04/2007		(1), (2), (3)	
Marriott	Dallas, TX	30,400	2,701	30,893	—	7,083	2,701	37,976	40,677	16,862	04/2007		(1), (2), (3)	
Marriott	Fremont, CA	58,402	5,800	44,200	—	10,274	5,800	54,474	60,274	11,907	08/2014		(1), (2), (3)	
Marriott	Memphis, TN	27,042	6,210	37,284	—	(3,191)	6,210	34,093	40,303	6,526	02/2015		(1), (2), (3)	
Marriott	Irvine, TX	66,922	8,330	82,272	—	33,404	8,330	115,676	124,006	34,303	03/2015		(1), (2), (3)	
Marriott	Omaha, NE	15,911	6,641	49,887	—	8,267	6,641	58,154	64,795	16,432	03/2015		(1), (2), (3)	
Marriott	Sugarland, TX	62,553	9,047	84,043	—	(261)	9,047	83,782	92,829	15,955	03/2015		(1), (2), (3)	
SpringHill Suites by Marriott	Baltimore, MD	13,600	2,502	13,206	—	2,558	2,502	15,764	18,266	7,749	05/2004		(1), (2), (3)	
SpringHill Suites by Marriott	Kennesaw, GA	6,404	1,106	5,021	—	3,395	1,106	8,416	9,522	4,732	07/2004		(1), (2), (3)	
SpringHill Suites by Marriott	Buford, GA	9,226	1,132	6,089	—	806	1,132	6,895	8,027	3,158	07/2004		(1), (2), (3)	
SpringHill Suites by Marriott	Manhattan Beach, CA	28,560	5,726	21,187	—	1,122	5,726	22,309	28,035	8,615	04/2007		(1), (2), (3)	
SpringHill Suites by Marriott	Plymouth Meeting, PA	20,800	3,210	24,578	—	1,513	3,210	26,091	29,301	10,092	04/2007		(1), (2), (3)	
Fairfield Inn by Marriott	Kennesaw, GA	5,023	840	4,359	(21)	2,506	819	6,865	7,684	3,148	07/2004		(1), (2), (3)	
Courtyard by Marriott	Bloomington, IN	14,248	900	10,741	—	1,480	900	12,221	13,121	5,601	09/2004		(1), (2), (3)	
Courtyard by Marriott - Tremont	Boston, MA	102,865	24,494	85,246	—	6,719	24,494	91,965	116,459	22,238	03/2015		(1), (2), (3)	
Courtyard by Marriott	Columbus, IN	8,160	673	4,804	—	1,696	673	6,500	7,173	3,433	09/2004		(1), (2), (3)	
Courtyard by Marriott	Denver, CO	33,511	9,342	29,656	—	3,388	9,342	33,044	42,386	9,277	03/2015		(1), (2), (3)	
Courtyard by Marriott	Gaithersburg, MD	28,695	5,128	30,522	—	4,225	5,128	34,747	39,875	9,086	03/2015		(1), (2), (3)	
Courtyard by Marriott	Crystal City, VA	42,538	5,411	38,610	—	13,153	5,411	51,763	57,174	25,096	06/2005		(1), (2), (3)	
Courtyard by Marriott	Overland Park, KS	8,762	1,868	14,030	—	2,416	1,868	16,446	18,314	7,612	06/2005		(1), (2), (3)	
Courtyard by Marriott	Foothill Ranch, CA	21,735	2,447	16,005	—	1,646	2,447	17,651	20,098	7,798	06/2005		(1), (2), (3)	
Courtyard by Marriott	Alpharetta, GA	19,665	2,244	12,345	—	1,917	2,244	14,262	16,506	6,403	06/2005		(1), (2), (3)	
Courtyard by Marriott	Oakland, CA	28,240	5,112	19,429	—	1,831	5,112	21,260	26,372	8,490	04/2007		(1), (2), (3)	
Courtyard by Marriott	Scottsdale, AZ	23,600	3,700	22,134	—	3,151	3,700	25,285	28,985	10,036	04/2007		(1), (2), (3)	
Courtyard by Marriott	Plano, TX	18,160	2,115	22,360	—	1,471	2,115	23,831	25,946	9,072	04/2007		(1), (2), (3)	
Courtyard by Marriott	Newark, CA	34,960	2,863	10,723	—	1,469	2,863	12,192	15,055	4,835	04/2007		(1), (2), (3)	
Courtyard by Marriott	Manchester, CT	6,150	1,301	7,430	—	1,247	1,301	8,677	9,978	3,822	04/2007		(1), (2), (3)	
Courtyard by Marriott	Basking Ridge, NJ	41,600	5,419	45,304	—	4,032	5,419	49,336	54,755	19,816	04/2007		(1), (2), (3)	
Marriott Residence Inn	Evansville, IN	7,830	961	5,972	—	1,088	960	7,060	8,020	3,394	09/2004		(1), (2), (3)	
Marriott Residence Inn	Orlando, FL	25,595	6,554	40,539	—	17,733	6,554	58,272	64,826	28,386	06/2005		(1), (2), (3)	
Marriott Residence Inn	Falls Church, VA	26,151	2,752	34,979	—	4,099	2,752	39,078	41,830	16,983	06/2005		(1), (2), (3)	
Marriott Residence Inn	San Diego, CA	29,281	3,156	29,514	—	2,026	3,156	31,540	34,696	13,629	06/2005		(1), (2), (3)	
Marriott Residence Inn	Salt Lake City, UT	15,741	1,897	16,357	—	2,188	1,897	18,545	20,442	8,006	06/2005		(1), (2), (3)	
Marriott Residence Inn	Las Vegas, NV	38,160	18,177	39,568	(6,184)	(15,264)	11,993	24,304	36,297	6,874	04/2007		(1), (2), (3), (4)	
Marriott Residence Inn	Phoenix, AZ	23,680	4,100	23,187	—	2,648	4,100	25,835	29,935	10,196	04/2007		(1), (2), (3)	
Marriott Residence Inn	Plano, TX	14,160	2,045	16,869	—	1,178	2,045	18,047	20,092	7,023	04/2007		(1), (2), (3)	
Marriott Residence Inn	Newark, CA	37,760	3,272	11,706	—	2,115	3,272	13,821	17,093	5,227	04/2007		(1), (2), (3)	
Marriott Residence Inn	Manchester, CT	6,492	1,462	8,306	—	1,974	1,462	10,280	11,742	4,799	04/2007		(1), (2), (3)	

Column A		Column B		Column C		Column D		Column E			Column F	Column G	Column H	Column I
Hotel Property	Location	Encumbrances	Initial Cost		Costs Capitalized Since Acquisition		Gross Carrying Amount At Close of Period			Accumulated Depreciation	Construction Date	Acquisition Date	Income Statement	
			Land	FF&E, Buildings and Improvements	Land	FF&E, Buildings and Improvements	Land	FF&E, Buildings and Improvements	Total					
Marriott Residence Inn	Jacksonville, FL	9,473	1,997	16,084	—	9,660	1,997	25,744	27,741	12,545	05/2007	(1), (2), (3)		
Tribute Portfolio	Santa Fe, NM	25,000	8,094	42,058	—	1,194	8,094	43,252	51,346	4,513	10/2018	(1), (2), (3)		
TownPlace Suites by Marriott	Manhattan Beach, CA	23,680	4,805	17,543	—	2,650	4,805	20,193	24,998	8,434	04/2007	(1), (2), (3)		
Ritz-Carlton	Atlanta, GA	98,298	2,477	80,139	—	31,432	2,477	111,571	114,048	34,812	03/2015	(1), (2), (3)		
One Ocean	Atlantic Beach, FL	57,600	5,815	14,817	—	25,240	5,815	40,057	45,872	28,213	04/2004	(1), (2), (3)		
Renaissance	Nashville, TN	207,000	20,671	158,260	—	30,743	20,671	189,003	209,674	47,167	03/2015	(1), (2), (3)		
Renaissance	Palm Springs, CA	51,730	—	74,112	—	12,170	—	86,282	86,282	24,436	03/2015	(1), (2), (3)		
Sheraton Hotel	Ann Arbor, MI	33,200	4,158	35,042	—	6,216	4,158	41,258	45,416	9,300	06/2015	(1), (2), (3)		
Sheraton Hotel	Langhorne, PA	12,880	2,037	12,424	—	5,207	2,037	17,631	19,668	9,078	07/2004	(1), (2), (3)		
Sheraton Hotel	Minneapolis, MN	20,933	2,953	14,280	—	3,679	2,953	17,959	20,912	9,021	03/2005	(1), (2), (3)		
Sheraton Hotel	Indianapolis, IN	59,278	3,100	22,041	—	14,914	3,100	36,955	40,055	19,788	03/2005	(1), (2), (3)		
Sheraton Hotel	Anchorage, AK	26,331	4,023	39,363	—	18,563	4,023	57,926	61,949	28,968	12/2006	(1), (2), (3)		
Sheraton Hotel	San Diego, CA	36,160	7,294	36,382	—	5,131	7,294	41,513	48,807	17,864	12/2006	(1), (2), (3)		
Hyatt Regency	Coral Gables, FL	63,200	4,805	50,820	—	23,255	4,805	74,075	78,880	33,610	04/2007	(1), (2), (3)		
Hyatt Regency	Hauppauge, NY	36,241	6,284	35,669	—	(784)	6,284	34,885	41,169	9,946	03/2015	(1), (2), (3)		
Hyatt Regency	Savannah, GA	69,504	14,041	72,721	—	10,135	14,041	82,856	96,897	21,388	03/2015	(1), (2), (3)		
Crown Plaza	Key West, FL	64,982	—	27,514	—	6,163	—	33,677	33,677	16,466	03/2005	(1), (2), (3)		
Annapolis Historic Inn	Annapolis, MD	18,658	3,028	7,833	—	4,309	3,028	12,142	15,170	6,529	03/2005	(1), (2), (3)		
Lakeway Resort & Spa	Austin, TX	19,527	4,541	28,940	—	2,374	4,541	31,314	35,855	9,660	02/2015	(1), (2), (3)		
Silversmith	Chicago, IL	27,851	4,782	22,398	—	(1,889)	4,782	20,509	25,291	5,037	03/2015	(1), (2), (3)		
The Churchill	Washington, DC	41,280	25,898	32,304	—	9,059	25,897	41,363	67,260	12,410	03/2015	(1), (2), (3)		
The Melrose	Washington, DC	75,759	29,277	62,507	—	(806)	29,277	61,701	90,978	11,986	03/2015	(1), (2), (3)		
Le Pavillon	New Orleans, LA	37,000	10,933	51,549	(2,601)	11,767	8,332	63,316	71,648	16,811	06/2015	(1), (2), (3)		
The Ashton	Ft. Worth, TX	8,881	800	7,187	—	924	800	8,111	8,911	1,943	07/2014	(1), (2), (3)		
Westin	Princeton, NJ	33,000	6,475	52,195	—	7,408	6,475	59,603	66,078	15,696	03/2015	(1), (2), (3)		
W	Atlanta, GA	48,800	2,353	54,383	—	3,996	2,353	58,379	60,732	12,976	07/2015	(1), (2), (3)		
Atlanta Hotel Indigo	Atlanta, GA	16,100	3,230	23,713	—	4,325	3,230	28,038	31,268	6,749	10/2015	(1), (2), (3)		
WorldQuest	Orlando, FL	—	1,432	9,870	(78)	1,009	1,355	10,879	12,234	3,354	03/2011	(1), (2), (3)		
Total		\$ 3,684,622	\$ 637,181	\$ 3,336,619	\$ (8,909)	\$ 698,262	\$ 628,272	\$ 4,034,881	\$ 4,663,153	\$ 1,432,443				

(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) Amounts include impairment charges.

	Year Ended December 31,		
	2021	2020	2019
Investment in Real Estate:			
Beginning balance.....	\$ 4,798,605	\$ 5,444,259	\$ 5,287,463
Additions.....	40,789	35,712	409,603
Impairment/write-offs.....	(151,753)	(254,475)	(136,658)
Sales/disposals.....	(24,488)	(426,891)	(116,149)
Ending balance.....	\$ 4,663,153	\$ 4,798,605	\$ 5,444,259
Accumulated Depreciation:			
Beginning balance.....	1,371,623	1,335,816	1,182,244
Depreciation expense.....	219,112	252,873	269,664
Impairment/write-offs.....	(151,753)	(162,754)	(103,038)
Sales/disposals.....	(6,539)	(54,312)	(13,054)
Ending balance.....	\$ 1,432,443	\$ 1,371,623	\$ 1,335,816
Investment in Real Estate, net.....	\$ 3,230,710	\$ 3,426,982	\$ 4,108,443



## Officers and Directors

### OFFICERS

**J. Robison Hays III**

Chief Executive Officer  
& President

**Deric S. Eubanks**

Chief Financial Officer and Treasurer

**Mark L. Nunneley**

Chief Accounting Officer

**Jeremy J. Welter**

Chief Operating Officer

**Alex Rose**

Executive Vice President,  
General Counsel & Secretary

### BOARD OF DIRECTORS

**Monty J. Bennett**

Chairman of the Board

**Benjamin J. Ansell, M.D.**

Founder, Director and Chairman of  
the Board UCLA Executive  
Health Program

**Amish Gupta**

Chief Operating Officer / Partner  
RETC, LP

**J. Robison Hays III**

Chief Executive Officer  
& President

**Kamal Jafarnia**

Executive Vice President  
General Counsel & Secretary -  
Lonsdale Digital Management, Inc.

**Frederick J. Kleisner**

Hotelier, CEO (Ret.) Wyndham Int'l.

**Alan L. Tallis**

Principal  
Alan L. Tallis & Associates

**Sheri L. Pantermuehl**

Chief Financial Officer  
Alan Ritchey, Inc

### CHAIRMAN EMERITUS

**Archie Bennett, Jr.**

## Corporate Information

**Corporate Office**

Ashford Hospitality Trust, Inc.  
14185 Dallas Parkway, Suite 1200  
Dallas, Texas 75254  
Telephone: (972) 490-9600  
www.ahtreit.com

**Registrar and Transfer Agent**

Computershare Trust Company, N.A.  
Canton, Massachusetts

**Independent Auditors**

BDO USA, LLP  
Dallas, Texas

**Legal Counsel**

Cadwalader, Wickersham & Taft, LLP  
New York, New York

**Annual Report on Form  
10-K/Investor Contact**

A copy of the Ashford Hospitality Trust Annual Report on Form 10-K for fiscal 2021, was filed with the Securities and Exchange Commission on February 28, 2022 and is included with this report. Additional copies of the report and copies of the exhibits referenced therein are available from the Company. Requests for these items and other investor contacts should be directed to Joseph Calabrese of Financial Relations Board at (212) 827-3772.

**Forward-Looking Statements**

This report contains forward-looking statements within the meaning of the federal securities laws. Ashford Hospitality Trust, Inc. (the "Company" or "we" or "our") cautions investors that any forward-looking statements presented herein, or which management may make orally or in writing from time to time, are based on management's beliefs and assumptions at that time. Throughout this report, words such as "anticipate," "believe," "expect," "intend," "may," "might," "plan," "estimate," "project," "should," "will," "result," and other similar expressions, which do not relate solely to historical matters, are intended to identify forward-looking statements. Such statements are subject to risks, uncertainties, and assumptions and are not guarantees of future performance, which may be affected by known and unknown risks, trends, uncertainties, and factors beyond our control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated, or projected. We caution investors that while forward-looking statements reflect our good faith beliefs at the time they are made, such statements are not guarantees of future performance and are impacted by actual events that occur after such statements are made. We expressly disclaim any responsibility to update forward-looking statements, whether as a result of new information, future events, or otherwise. Accordingly, investors should use caution in relying on past forward-looking statements, which are based on results and trends at the time they are made, to anticipate future results or trends. Some of the risks and uncertainties that may cause our actual results, performance, or achievements to differ materially from those expressed or implied by forward-looking statements include, among others, those discussed in our Annual Report on Form 10-K under the heading "Risk Factors." These risks and uncertainties continue to be relevant to our performance and financial condition. Moreover, we operate in a very competitive and rapidly changing environment where new risk factors emerge from time to time. It is not possible for management to predict all such risk factors, nor can it assess the impact of all such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results.

**Annual Meeting**

The annual meeting of shareholders will be held on May 10, 2022, at 9:00 a.m. CT at the Renaissance Nashville Hotel 611 Commerce Street, Nashville, TN 37203. Shareholders of record as of the close of business on March 11, 2022 will be entitled to vote at this meeting.



**ASHFORD**  
HOSPITALITY TRUST