

Risk Factors Comparison 2024-02-28 to 2023-02-23 Form: 10-K

Legend: **New Text** ~~Removed Text~~ ~~Unchanged Text~~ **Moved Text** **Section**

Owning our common stock involves a number of significant risks. You should consider carefully the following risk factors. If any of the following risks, as well as additional risks and uncertainties not currently known to us or that we currently deem immaterial, occur, our business, liquidity, financial condition and results of operations could be materially and adversely affected. If this were to happen, the market price of our common stock could decline significantly, and you could lose all or a part of the value of your ownership in our common stock. In addition, the statements in the following risk factors include forward-looking statements. See “Forward-Looking Statements.” Risks Related to Our Business

Continued economic **Economic** disruptions, including ~~from the COVID-19 pandemic and the impact from inflation~~ **or a future pandemic**, has ~~significantly adversely impacted and disrupted, and may continue to adversely impact and disrupt, our business, financial performance and condition, operating results and cash flows.~~ **Economic disruptions** ~~The outbreak of COVID-19 and its aftermath have had and continue to have, and another pandemic in the future could similarly have, significant repercussions across regional and global economies and financial markets. The global impact of the outbreak and resulting control measures, including states of emergency, mandatory quarantines, border closures, and other travel and large gatherings restrictions, as well as declines in overall willingness to travel due to the risk of COVID-19 transmission, significantly decreased the demand for travel to our hotel properties. We were negatively affected by these and other governmental regulations and travel advisories to fight the pandemic, including recommendations by the U. S. Department of State, the Center for Disease Control and Prevention and the World Health Organization. As vaccination rates across the country increased and COVID-19 related restrictions were eased or removed, travel and hospitality spending increased beginning the second quarter of 2021; however, the COVID-19 pandemic triggered a~~ **result of** global economic contraction, which was followed by other economic challenges that affected discretionary spending and travel, including supply chain disruptions and increased inflation, ~~;~~ **Inflationary concerns have been counteracting the lodging industry's recovery from the COVID-19 pandemic and may** **adversely impact our business.** **Inflation can** affect consumer sentiment and decrease demand for travel, which can cause fluctuations in hotel revenues or earnings at our hotels. Our labor or other costs may also rise due to inflation, and there can be no assurance that we will be able to pass cost increases on to travelers through higher rates. **There can also be no assurances that we will not experience future fluctuations in hotel revenues** ~~COVID-19 and its aftermath have disrupted and have had a significant adverse effect on, and may continue to adversely impact and disrupt, our~~ **or business earnings at our hotels due to macroeconomic factors, such as inflation** ~~financial performance and condition, operating results~~ **increases in interest rates, potential economic slowdown or a recession** ~~and cash flows~~ **geopolitical conflicts**. ~~The~~ **Additionally, the** effects of the **recent global** pandemic on the hotel industry were unprecedented ~~;~~ **, and another pandemic in the future could have similar affects, including a drastic reduction in** ~~Global global~~ demand for lodging was drastically reduced and **historically low** occupancy levels reached historic lows in 2020. **These challenges may adversely impact** ~~Beginning in late February 2020, we experienced a significant decline in occupancy and RevPAR associated with COVID-19 disruption ---~~ **disrupt** throughout our portfolio. Travel, especially ~~our~~ **business and leisure travel in the United States,** **financial performance and condition** ~~where all of our hotels are located,~~ **operating** was adversely affected as a result **results and cash flows** of COVID-19. Although we were able to recommence operations at all previously suspended hotels as of May 2022, there ~~;~~ **Other** can be no assurances that we will not experience further fluctuations in hotel revenues or earnings at our hotels due to the uncertainty of COVID-19 and other macroeconomic factors, such as inflation, increases in interest rates, potential economic slowdown or a recession and geopolitical conflicts. Additional factors that would negatively impact our ability to successfully operate during or following another pandemic, or that could otherwise significantly adversely impact and disrupt our business, financial performance and condition, operating results and cash flows, include: • sustained negative consumer or business sentiment, economic metrics (including inflation, unemployment levels, discretionary spending and declines in personal wealth) or demand for travel, which could further adversely impact demand for lodging; • limited opportunities to acquire new properties or the need to dispose of properties to meet liquidity needs; • the scaling back or delay of a significant amount of planned capital expenditures, including planned renovation projects, which could adversely affect the value of our properties and guest experience at our properties; • our ability to obtain bank lending or access the capital markets could deteriorate ~~;~~ **or;** • declines in our business performance or the general economy; • ~~new~~ **our increased** **that may contain more restrictive covenants**, including ~~increases in~~ **as a result of sustained elevated** interest rates as a response to increased inflation, **than our existing indebtedness or may require new or incremental collateral,** and decreased operating revenues, which could increase our risk of default on our loans ~~;~~ **we may require additional indebtedness, which may contain even more restrictive covenants than our existing indebtedness or may require incremental collateral;** • our dependence on our hotel managers, who may be facing similar challenges; • disruptions as a result of corporate employees working remotely, including risk of cybersecurity incidents and disruptions to internal control procedures; and • benefits of government action to provide financial support to affected industries, including the travel and hospitality industry, may not be available to us or our operators. We face various risks posed by our acquisition activities. A key element of our business strategy is identifying and consummating acquisitions of additional hotels and portfolios. We can provide no assurances that we will be successful in identifying attractive hotels in the future or that, once identified, we will be successful in consummating future acquisitions. We also face significant competition for attractive investment opportunities, which may impact our ability acquire certain hotels or portfolios that we deem attractive at a favorable price, pursuant to acceptable terms, or at all. Any delay or failure on our part to identify, negotiate, finance on favorable terms,

consummate and integrate such acquisitions could materially increase our costs or impede our growth. We may continue to seek to sell **or otherwise dispose of** certain hotels as we seek to pursue growth and diversification through prudent capital allocation. However, investments in real estate are illiquid, and it may not be possible to dispose of assets in a timely manner or on favorable terms, which could adversely affect our financial condition, operation results and cash flows. Our ability to dispose of properties on advantageous terms depends on factors beyond our control, including competition from other sellers and the availability of attractive financing for potential buyers, and we cannot predict whether we will be able to sell any hotel we desire to for the price or on the terms set by us or acceptable to us, or the length of time needed to find a willing buyer and to close the sale of the hotel. Upon sales of properties or assets, we may become subject to contractual indemnity obligations, incur unusual or extraordinary distribution requirements, be required to expend funds to correct defects or make capital improvements or, as a result of required debt repayment, face a shortage of liquidity. In addition, many of our hotel management and franchise agreements generally contain restrictive covenants that limit or restrict our ability to sell a hotel free of the management or franchise encumbrance other than to permitted transferees, and as a result we may be prohibited from taking disposition actions that would otherwise be in our and our stockholders' best interests. Moreover, the Code imposes restrictions on a REIT's ability to dispose of properties that are not applicable to other types of real estate companies. In addition, our ability to dispose of some of our hotels could be constrained by their tax attributes. Many of our hotels, including related ancillary personal property, may have low tax bases. If we dispose of these hotels in taxable transactions, we may be required to pay tax on the sale and will be required distribute the after- tax gain to our stockholders under the requirements of the Code applicable to REITs, which, in turn, would impact our cash flow. Therefore, as a result of the foregoing events or circumstances, we may not be able to adjust the composition of our portfolio promptly, on favorable terms or at all in response to changing economic, financial and investment conditions, which may adversely affect our cash flows and our ability to make distributions to stockholders. We are subject to risks associated with the concentration of our portfolio in the Hilton family of brands. Any deterioration in the quality or reputation of the Hilton brands could have an adverse effect on our reputation, business, financial condition or results of operations. A majority of our properties currently utilize brands owned by Hilton and participate in the Hilton Honors guest loyalty and rewards program. As a result, our ability to attract and retain guests depends, in part, on the public recognition of the Hilton brands and their associated reputation. Changes in ownership or management practices, the occurrence of accidents or injuries, force majeure events, crime, individual guest notoriety or similar events at our hotels or other properties managed, owned or leased by Hilton can harm our reputation, create adverse publicity, subject us to legal claims and cause a loss of consumer confidence in our business. If the Hilton brands become obsolete or consumers view them as unfashionable or lacking in consistency and quality, we may be unable to attract guests to our hotels, which could adversely affect our business, financial condition or results of operations. In addition, any adverse developments in Hilton's business and affairs, reputation or financial condition could impair its ability to manage our properties and could have a material adverse effect on us. Hilton Honors guest loyalty program allows program members to accumulate points based on eligible stays and hotel charges and redeem the points for a range of benefits, including free rooms and other items of value. The program is an important aspect of our business and of the affiliation value of a majority of our hotels. Changes to the Hilton Honors loyalty program, which we do not control, or our access to it could negatively impact our business. If the program deteriorates or materially changes in an adverse manner, or if currently tax- exempt program benefits become subject to taxation such that a material number of Hilton Honors members choose to no longer participate in the program, our business, financial condition or results of operations could be materially adversely affected. Contractual and other disagreements with or involving our current and future third- party hotel managers and franchisors could make us liable to them or result in litigation costs or other expenses. Our management and franchise agreements require us and our managers to comply with operational and performance conditions that are subject to interpretation and could result in disagreements, and we expect this will be true of any management and franchise agreements that we enter into with future third- party hotel managers or franchisors. We cannot predict the outcome of any arbitration or litigation related to such agreements, the effect of any negative judgment against us or the amount of any settlement that we may enter into with any third- party. In the event we terminate a management or franchise agreement early and the hotel manager or franchisor considers such termination to have been wrongful, they may seek damages. Additionally, we may be required to indemnify our third- party hotel managers and franchisors against disputes with third parties pursuant to our management and franchise agreements. An adverse result in any of these proceedings could materially and adversely affect our revenues and profitability. We are dependent on the performance of our managers and could be materially and adversely affected if our managers do not properly manage our hotels or otherwise act in our best interests or if we are unable to maintain a good relationship with our third- party hotel managers. In order for us to continue to qualify as a REIT, independent third parties must operate our hotels. We lease substantially all of our hotels to our TRS lessees. Our TRS lessees and the TRSs that own our hotels, in turn, have entered into management agreements with independent third- party managers to operate our hotels. We could be materially and adversely affected if any third- party hotel manager fails to provide quality services and amenities, fails to maintain a quality brand name or otherwise fails to manage our hotels in our best interest, and could be held financially responsible for the actions and inactions of our third- party hotel managers pursuant to our management agreements. In addition, our third- party hotel managers manage, and in some cases may own or lease, or may have invested in or may have provided credit support or operating guarantees to hotels that compete with our hotels, any of which could result in conflicts of interest. As a result, third- party managers may make decisions regarding competing lodging facilities that are not in our best interests. The success of our properties largely depends on our ability to establish and maintain good relationships with our hotel managers and other third- party hotel managers and franchisors that we may engage in the future. If we are unable to maintain good relationships with our third- party hotel managers and franchisors, we may be unable to renew existing management or franchise agreements or expand relationships with them. Additionally, opportunities for developing new relationships with additional third- party managers or franchisors may be adversely affected. This, in turn, could have an adverse effect on our results of operations and

our ability to execute our growth strategy. In the event that we terminate any of our management agreements, we can provide no assurances that we could find a replacement hotel manager or that any replacement hotel manager will be successful in operating our hotels. If any of the foregoing were to occur, it could materially and adversely affect us. Cyber threats and the risk of **cybersecurity incidents affecting data breaches or disruptions of our hotel managers' or our own information technology and systems, including third- party service providers,** could materially adversely affect our business. Our hotel managers are dependent on information technology networks and systems, including the internet, to access, process, transmit and store proprietary and customer information, including personally identifiable information of hotel guests, including credit card numbers. These information networks and systems can be vulnerable to threats such as system, network or internet failures; computer hacking or business disruption, including through network- and email- based attacks as well as social engineering; cyber- terrorism; cyber extortion; viruses, worms or other malicious software programs; **software vulnerabilities and misconfigurations;** and employee error, negligence or fraud. The risk of a **security-cybersecurity breach-incident** or disruption, particularly through cyber- attack or cyber intrusion, including by computer hackers, nation- state affiliated actors and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. We rely on our hotel managers to protect proprietary and customer information from these threats. Any compromise of our own network or hotel managers' networks could result in a disruption to our booking or sales systems or other operations, in increased costs (e. g., related to response, investigation, and notification) or in potential litigation and liability. In addition, public disclosure or loss of customer or proprietary information could result in damage to the hotel manager' s reputation, a loss of confidence among hotel guests, reputational harm for our hotels, potential litigation and increased regulatory oversight, including governmental investigations, enforcement actions, and regulatory fines, any of which may have a material adverse effect on our business, **reputation,** financial condition and results of operations. In the conduct of our business, we rely on relationships with third parties, including cloud data storage and other information technology service providers, suppliers, distributors, contractors, and other external business partners, for certain functions or for services in support of key portions of our operations. These third- party entities are subject to similar risks as we are relating to cybersecurity, privacy violations, business interruption, and systems and employee failures and an attack against such third- party service provider or partner could have a material adverse effect on our business. In addition to the information technologies and systems our hotel managers use to operate our hotels, we have our own corporate technologies and systems that are used to access, store, transmit, and manage or support a variety of business processes and employee personally identifiable information. We may be required to expend significant attention and financial resources to protect these technologies and systems against physical or cybersecurity incidents and even then, our security measures may subsequently be deemed to have been inadequate by regulators or courts given the lack of prescriptive measures in data security and cybersecurity laws. There can be no assurance that the security measures we have taken to protect the contents of these systems will prevent failures, inadequacies or interruptions in system services or that system security will not be compromised through system or user error, physical or electronic break- ins, computer viruses, or attacks by hackers. Any such compromise could have a material adverse effect on our business, our financial reporting and compliance, and could subject us to or result in liability claims, litigation, monetary losses or regulatory oversight, investigations or penalties which could be significant. In addition, the cost and operational consequences of responding to cybersecurity incidents and implementing remediation measures could be significant. **If our hotel managers' information networks and systems, our corporate technologies and systems, or third- party information systems on which we rely suffer severe damage, disruption or shutdown, and our business continuity plans do not effectively resolve the issues in a timely manner, we may lose revenue and profits as a result of our inability to provide services or invoice and collect payments, and we could experience delays in reporting our financial results.** Like many corporations, our information networks and systems are a target of attacks. In addition, third- party providers of data hosting or cloud services may experience cybersecurity incidents that may involve data we share with them. Although the **cybersecurity incidents that we and our third- party partners** have experienced to date have not had a material effect on our business, financial condition or results of operations, such incidents could have a material adverse effect on us in the future. While we have purchased cybersecurity insurance, there are no assurances that the coverage would be adequate in relation to any incurred losses. Moreover, as cyberattacks increase in frequency and magnitude, we may be unable to obtain cybersecurity insurance in amounts and on terms we view as adequate for our operations. In addition, increased regulation of data collection, use and retention practices, including self- regulation and industry standards, changes in existing laws and regulations, enactment of new laws and regulations, increased enforcement activity, and changes in interpretation of laws, could increase our cost of compliance and operation, limit our ability to grow our business or otherwise harm the Company. Costs associated with, or failure to maintain, brand operating standards may materially and adversely affect our results of operations and profitability. The terms of our franchise and brand management agreements generally require us to meet specified operating standards and other terms and conditions, and compliance with such standards may be costly. Failure by us, or any hotel management company that we engage, to maintain these standards or other terms and conditions could result in a franchise license being canceled or the franchisor requiring us to undertake a costly property improvement program. If a franchise license is terminated due to our failure to make required improvements or to otherwise comply with its terms, we also may be liable to the franchisor for a termination payment, which could materially and adversely affect our results of operations and profitability. If we were to lose a brand license, the underlying value of a particular hotel could decline significantly (including from the loss of brand name recognition, marketing support, guest loyalty programs, brand manager or franchisor central reservation systems or other systems), which could require us to recognize an impairment on the hotel. Furthermore, the loss of a franchise license at a particular hotel could harm our relationship with the franchisor or brand manager and cause us to incur significant costs to obtain a new franchise license or brand management agreement for the particular hotel. Accordingly, if we lose one or more franchise licenses or brand management agreements, it could materially and adversely affect our results of operations and profitability as

well as limit or slow our future growth. Our efforts to develop, redevelop or renovate our properties, in connection with our active asset management strategy, could be delayed or become more expensive, which could reduce revenues or impair our ability to compete effectively. If not maintained, the condition of certain of our properties could negatively affect our ability to attract guests or result in higher operating and capital costs. These factors could reduce revenues or profits from these properties. There can be no assurance that our planned replacements and repairs will occur, or even if completed, will result in improved performance. In addition, these efforts are subject to a number of risks, including the following: construction delays or cost overruns; delays in obtaining, or failure to obtain, zoning, occupancy and other required permits or authorizations; government restrictions on the size or kind of development; changes in economic conditions that may result in weakened or lack of demand for improvements that we make or negative project returns; and lack of availability of rooms or meeting spaces for revenue-generating activities during construction, modernization or renovation projects. If our properties are not updated to meet guest preferences or brand standards under our management and franchise agreements, if properties under development or renovation are delayed in opening as scheduled, or if renovation investments adversely affect or fail to improve performance, our operations and financial results could be negatively affected. Our hotels are geographically concentrated in a limited number of markets and, accordingly, we could be disproportionately harmed by adverse changes to these markets, natural disasters, climate change and related regulations, or terrorist attacks. A significant portion of our room count is located in a concentrated number of markets that exposes us to greater risk to local economic or business conditions, changes in hotel supply in these markets, and other conditions than more geographically diversified hotel companies. As of December 31, 2022-2023, hotels in Florida, San Francisco, Hawaii, Chicago, New York City, New Orleans and Boston represented approximately 66-60% of our room count, with our hotels in Florida, San Francisco and Hawaii alone each representing greater than 12-13% of our room count and 48-37% of our total revenue in 2022-2023. An economic downturn, an increase in hotel supply, a change in guest preferences for certain geographic locations or markets, a force majeure event, a natural disaster, changing weather patterns and other physical effects of climate change (including supply chain disruptions), a terrorist attack or similar event in any one of these markets likely would cause a decline in the hotel market and adversely affect occupancy rates, the financial performance of our hotels in these markets and our overall results of operations, which could be material, and could significantly increase our costs. Over time, our hotel properties located in coastal markets and other areas that may be impacted by climate change are expected to experience increases in storm intensity and rising sea-levels causing damage to our hotel properties, while hotels in other markets may experience prolonged variations in temperature or precipitation that may limit access to the water needed to operate our hotel properties, increasing operating costs at our hotels, such as the cost of water or energy, and requiring us to expend funds as we seek to repair and protect our hotels against such risks. The effects of climate change may also affect our business by increasing the cost of (or making unavailable) property insurance on terms we find acceptable in areas most vulnerable to such events. There can be no assurance that climate change will not have a material adverse effect on our hotels, operations or business. If the insurance that we carry does not sufficiently cover damage or other potential losses or liabilities involving our properties, including as a result of terrorism and climate change, our profits could be reduced. Because certain types of losses are uncertain, including natural disaster, the effects of climate change or other catastrophic losses, they may be uninsurable or prohibitively expensive. There are also other risks that may fall outside the general coverage terms and limits of our policies, including losses related to cybersecurity incidents, natural disaster or climate change. Market forces beyond our control could limit the scope of the insurance coverage that we can obtain or may otherwise restrict our ability to buy insurance coverage at reasonable rates. In the event of a substantial loss, the insurance coverage that we carry may not be sufficient to pay the full value of our financial obligations, our liabilities or the replacement cost of any lost investment or property. Furthermore, certain of our properties may qualify as legally permissible nonconforming uses and improvements, including certain of our iconic and most profitable properties, and we may not be permitted to rebuild such properties as they exist now or at all, regardless of insurance proceeds, if such properties are destroyed. Any loss of this nature, whether insured or not, could materially adversely affect our results of operations and prospects. In addition, we carry insurance to respond to both first-party and third-party liability losses related to terrorism under a program authorized by Congress following the September 11, 2001 terrorist attacks, which is set to expire in 2027. If the program is not extended or renewed upon its expiration in 2027, or if there are changes to the program that would negatively affect insurance carriers, premiums for terrorism insurance coverage will likely increase and / or the terms of such insurance may be materially amended to increase stated exclusions or to otherwise effectively decrease the scope of coverage available, perhaps to the point where it is effectively unavailable. We have investments in joint venture projects, which limit our ability to manage third-party risks associated with these projects. In certain cases, we are minority participants and do not control the decisions of the joint ventures in which we are involved. Consequently, actions by a co-venturer or other third-party outside of our control could expose us to claims for damages, financial penalties and reputational harm, any of which could adversely affect our business and operations. In addition, we may be unable to take action without the approval of our joint venture partners (including approving distributions even from joint ventures with positive cash flow), or our joint venture partners could take actions binding on the joint venture without our consent (including actions taken that are inconsistent with our business interest or goals). Moreover, we may agree to guarantee indebtedness incurred by a joint venture or co-venturer or provide standard indemnifications to lenders for loss liability or damage occurring as a result of our actions or actions of the joint venture or other co-venturers. Such a guarantee or indemnity may be on a joint and several basis with a co-venturer, in which case we may be liable in the event that our co-venturer defaults on its guarantee obligation. The non-performance of a co-venturer's obligations (including due to bankruptcy or inability of such party to meet their capital contribution or other financial obligations) may cause losses to us in excess of the capital we initially may have invested or committed. In addition, preparing our financial statements requires us to have access to information regarding the results of operations, financial position and cash flows of our joint ventures. Any deficiencies in our joint ventures' internal controls over financial reporting may affect our ability to report our financial results accurately or

prevent or detect fraud. Such deficiencies also could result in restatements of, or other adjustments to, our previously reported or announced operating results, which could diminish investor confidence and reduce the market price for our shares. Additionally, if our joint ventures are unable to provide this information for any meaningful period or fail to meet expected deadlines, we may be unable to satisfy our financial reporting obligations or timely file our periodic reports, which could have a material adverse impact on our business, growth or liquidity, including our ability to access external sources of capital and our cost of capital. We depend on external sources of capital for future growth. Any disruption to our ability to access capital at times and on terms reasonably acceptable to us may affect adversely our business and results of operations. Ownership of hotels is a capital-intensive business that requires significant capital expenditures to acquire, operate, maintain and renovate properties. To continue to qualify as a REIT, we are required to distribute to our stockholders at least 90 % of our REIT taxable income (determined without regard to the deduction for dividends paid and excluding any net capital gain), including taxable income recognized for U. S. federal income tax purposes but with regard to which we do not receive cash. As a result, we must finance our growth, fund debt repayments and fund significant capital expenditures largely with external sources of capital. Our ability to access external capital could be hampered by a number of factors, including, but not limited to, macroeconomic changes, changes in market perceptions of our growth potential, fluctuations in the market price of our common stock, and changes in the terms of our indebtedness, any of which may be outside of our control, and which, individually or in combination, could prevent us from being able to obtain the external capital we require on terms that are acceptable to us, or at all, which could have a material adverse effect on our ability to finance our future growth, our cost of capital, our liquidity and our financial condition and results of operations. We are subject to risks associated with the employment of hotel personnel, particularly with hotels that employ unionized labor, which could increase our operating costs, reduce the flexibility of our hotel managers to adjust the size of the workforce at our hotels and could materially and adversely affect our revenues and profitability. While our hotel managers are responsible for hiring and maintaining the labor force at our hotels, we are subject to the costs and risks generally associated with the hotel labor force, and increased labor costs due to factors like labor shortages and resulting increases in wages, additional taxes or requirements to incur additional employee benefits costs may adversely impact our operating costs. Labor costs, including wages, can be particularly challenging at those of our hotels with unionized labor, and additional hotels may be subject to new collective bargaining agreements in the future. From time to time, strikes, lockouts, public demonstrations or other negative actions and publicity may disrupt hotel operations at any of our hotels, negatively impact our reputation or the reputation of our brands, or harm relationships with the labor forces at our hotels. We also may incur increased legal costs and indirect labor costs as a result of contract disputes or other events. Additionally, hotels where our hotel managers have collective bargaining agreements with employees are more highly affected by labor force activities than others. The resolution of labor disputes or new 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. As we do not directly employ the employees at our hotels, we do not have the ability to control the outcome of these negotiations. We could be materially and adversely affected if we are found to be in breach of a ground lease or are unable to renew a ground lease. Unless we purchase a fee interest in the land and improvements at our properties subject to our ground leases or extend the terms of these leases before their expiration, we will lose our right to operate these properties and we will not have any economic interest in the land or improvements at the expiration of our ground leases; therefore, we generally will not share in any increase in value of the land or improvements beyond the term of a ground lease, notwithstanding our capital outlay to purchase our interest in the hotel or fund improvements thereon, and will lose our right to use the hotel. We can provide no assurances that we will be able to renew any ground lease upon its expiration at all or on favorable terms. In addition, if we are found to be in breach of certain of our third- party ground leases, we could lose the right to use the applicable hotel. 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. Additionally, if a governmental authority seizes a hotel subject to a ground lease under its eminent domain power, we may only be entitled to a portion of any compensation awarded for the seizure. If we were to lose the right to use a hotel, we would be unable to derive income from such hotel, which could adversely affect us. Heightened focus on corporate responsibility, specifically related to ~~environmental, social and governance (“ESG”)~~ factors, may constrain our business operations, impose additional costs and expose us to new risks that could adversely impact our results of operations, financial condition and the price of our securities. We are committed to ~~sustainability and~~ corporate responsibility, specifically related to ESG factors. Some investors may use ESG factors to guide their investment strategies, and potential and current employees, business partners and vendors may consider these factors when considering relationships with us, and guests may consider these factors when deciding whether to stay at our properties. Certain organizations that provide corporate risk and corporate governance advisory services to investors have developed scores and ratings to evaluate companies based upon ESG metrics. Many investors focus on ESG- related business practices and scores when choosing where to allocate their investments and may consider a company' s score as a factor in making an investment decision. The focus and activism related to ESG and related matters may constrain our business operations or increase expenses. Additionally, we may face reputational damage in the event our corporate responsibility initiatives do not meet the standards set by various constituencies, including those of third- party providers of corporate responsibility ratings and reports. Furthermore, should peer companies outperform us in such metrics, potential or current investors may elect to invest with our competitors and employees, vendors and business partners may choose not to do business with us, or potential guests may choose to stay at competitor hotels, which could have an adverse impact on us or the price of our securities. Risks Related to Our Industry We operate in a highly competitive industry. The lodging industry is highly competitive. Our principal competitors are other owners and investors in upper upscale, full- service hotels, including other lodging REITs, as well as major hospitality chains with well- established and recognized brands. Our hotels face

competition for individual guests, group reservations and conference business. We also compete against smaller hotel chains and independent and local hotel owners and operators. Additionally, we face competition from peer- to- peer inventory sources that allow travelers to stay at homes and apartments booked from owners. New hotels may be constructed, and these additions create new competitors, in some cases without corresponding increases in demand for hotel rooms. Our competitors may have greater commercial, financial and marketing resources and more efficient technology platforms, which could allow them to improve their properties and expand and improve their marketing efforts in ways that could affect our ability to compete for guests effectively and adversely affect our revenues and profitability as well as limit or slow our future growth. The growth of internet reservation channels is another source of competition that could adversely affect our business. A significant percentage of hotel rooms for individual customers are booked through internet travel intermediaries. As intermediary bookings increase, they may be able to obtain higher commissions, reduced room rates or other significant contract concessions from the brands and hotel management companies managing and operating our hotels. While internet travel intermediaries traditionally have competed to attract transient business rather than group and convention business, in recent years they have expanded their business to include marketing to large group and convention business. If that expansion continues, it could both divert group and convention business away from our hotels and increase our cost of sales for group and convention business and materially adversely affect our revenues and profitability. We also face competition for the acquisition of hotels from other REITs, private equity investors, institutional pension funds, sovereign wealth funds and numerous local, regional and national owners, including franchisors, in each of our markets. Some of these entities may have substantially greater financial resources than we do and may be able and willing to accept more risk than we believe we can prudently manage, which may reduce the number of suitable investment opportunities available to us or increase pricing **of assets**. The lodging industry is subject to seasonal volatility, which is expected to contribute to fluctuations in our financial condition and results of operations. The lodging industry is typically seasonal in nature. The periods during which our properties experience higher revenues vary from property to property, depending principally upon location and the customer base served. This seasonality can be expected to cause periodic fluctuations in a hotel' s rooms revenues, occupancy levels, room rates and operating expenses. We can provide no assurances that our cash flows will be sufficient to offset any shortfalls that occur as a result of these fluctuations. Consequently, volatility in our financial performance resulting from the seasonality of the lodging industry could adversely affect our financial condition and results of operations. Governmental regulation may adversely affect the operation of our properties and our Company as a whole. The hotel industry is subject to extensive U. S. federal, state and local governmental regulations, including those relating to the service of alcoholic beverages, the preparation and sale of food, building and zoning requirements and data protection, cybersecurity and privacy. We and our hotel managers are also subject to licensing and regulation by U. S. state and local departments relating to health, sanitation, fire and safety standards, and to laws governing our relationships with employees, including minimum wage requirements, overtime, working conditions and citizenship requirements. Our existing systems may be unable to satisfy changing regulatory requirements and employee and customer expectations, or may require significant additional investments or time to do so. We are also subject to certain environmental compliance costs, including associated air emissions, the use, storage and disposal of hazardous and toxic substances, and wastewater disposal. **Our The cost to comply with environmental laws may be substantial, and our** failure to comply with any such laws, including any required permits or licenses, or publicity resulting from actual or alleged compliance failures, could result in substantial fines or possible revocation of our authority to conduct some of our operations or otherwise have an adverse effect on our business. **Environmental, health and safety requirements have also become, and may continue to become, increasingly stringent, and our costs may increase as a result. New or revised laws and regulations or new interpretations of existing laws and regulations, such as those related to climate change, could affect the operation of our properties or result in significant additional expense and operating restrictions on us or our hotel managers or adversely affect our ability to sell properties or to use properties as collateral.** Environmental laws may also impose potential liability on a current or former owner or operator of real property for, among other things, investigation, removal or remediation of hazardous or toxic substances **or petroleum products** at our currently or formerly owned or leased real property, regardless of whether or not we knew of, or caused, the presence or release of such substances, **and such liability may be joint and several**. From time to time, we may be required to remediate such substances or remove, abate or manage asbestos, mold, radon gas, lead, **underground storage tanks**, or other hazardous **substances or** conditions at our properties. The presence or release of such toxic or hazardous substances **or petroleum products** at **or from** our currently or formerly owned or leased properties could result in **substantial investigation and remediation costs**, limitations on or interruptions to our operations or in third- party claims for personal injury, property or natural resource damages, business interruption or other losses, including liens in favor of the government for costs the government incurs in cleaning up contamination. Such claims and the **presence of, or** need to investigate, remediate or otherwise address hazardous, toxic or unsafe conditions could adversely affect our operations, the value of any affected real property, or our ability to **develop**, sell, lease or assign our rights in any such property, or could otherwise harm our business or reputation. In addition, we also may be liable for the costs of remediating contamination at off- site waste disposal facilities to which we have arranged for the disposal, transportation or treatment of hazardous substances without regard to whether we complied with environmental laws in doing so. **Environmental, health and safety requirements have also become, and may continue to become, increasingly stringent, and our costs may increase as a result. New or revised laws and regulations or new interpretations of existing laws and regulations, such as those related to climate change, could affect the operation of our properties or result in significant additional expense and operating restrictions on us or our hotel managers.** Further, failure of a property to comply with the ADA could result in injunctive relief, fines, an award of damages to private litigants or mandated capital expenditures to remedy such noncompliance. Any imposition of injunctive relief, fines, damage awards or capital expenditures could adversely impact our business or results of operations. If we fail to comply with the requirements of the ADA, we could be subject to fines, penalties, injunctive action, reputational harm and other business effects which could

materially and negatively affect our performance and results of operations. Risks Related to Our Indebtedness Our indebtedness and other contractual obligations could adversely affect our financial condition, our ability to raise additional capital to fund our operations, our ability to operate our business, our ability to react to changes in the economy or our industry and our ability to pay our debts and could divert our cash flow from operations for debt payments. Our outstanding debt and other contractual obligations could have important consequences, including requiring a substantial portion of cash flow from operations to be dedicated to debt service payments, thereby reducing our ability to use our cash flow to fund our operations, capital expenditures, distributions to stockholders and to pursue future business opportunities and limiting our flexibility in planning for, or reacting to, changes in our business or market conditions, increasing our vulnerability to adverse economic, industry or competitive developments and placing us at a competitive disadvantage compared to our competitors who may be better positioned to take advantage of opportunities that our leverage prevents us from exploiting. Certain of our debt agreements impose significant operating and financial restrictions on us and our subsidiaries, which may prevent us from capitalizing on business opportunities or could result in foreclosure of our hotels. The debt agreements and instruments that govern our outstanding indebtedness, including our senior unsecured credit facility and senior notes, impose significant financial and operating restrictions on us, including covenants that may restrict our ability to implement our business plan, finance future operations, respond to changing business and economic conditions, secure additional financing, and engage in opportunistic transactions, such as strategic acquisitions, mergers or asset sales or transactions with affiliates. In addition, if we fail to satisfy the covenants contained in the credit facility, our ability to borrow additional funds under the credit facility may be restricted. Furthermore, the credit ~~agreements~~ **agreement** that ~~govern~~ **governs** our senior unsecured credit facility and **indentures that govern our** senior notes contain certain affirmative covenants that require us to be in compliance with certain leverage, liquidity and other financial ratios, and the **loan documents governing the** mortgage- backed loans of our subsidiaries also require them to maintain certain debt service coverage ratios and minimum net worth requirements. We cannot assure you that we will be able to comply with our financial or other covenants and, if we fail to do so, we may not be able to obtain waivers from the lenders **or noteholders, as applicable,** and / or amend the covenants. Our failure to comply with the restrictive covenants described above, as well as other terms of our other indebtedness and / or the terms of any future indebtedness from time to time, could result in an event of default, which, if not cured or waived, could result in our being required to repay these borrowings before their due date. If we are forced to refinance these borrowings on less favorable terms or are unable to refinance these borrowings, our financial condition and results of operations could be adversely affected. 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 **or do not** meet our future debt service obligations, we will also risk losing to foreclosure some or all of our hotels that may be pledged to secure our obligation **. For example, in June 2023, we ceased making debt service payments on the \$ 725 million SF Mortgage Loan secured by the Hilton San Francisco Hotels, which was due November 2023, and in October 2023, the Hilton San Francisco Hotels were placed into receivership. See Note 7:" Debt" in our audited consolidated financial statements included elsewhere within this Annual Report on Form 10- K for further details .** For tax purposes, a foreclosure of any of our hotels would be treated as a sale of the hotel for a purchase price equal to the outstanding balance of the debt secured by the mortgage. If the outstanding balance of the debt secured by the mortgage exceeds our tax basis in the hotel, we would recognize taxable gain on foreclosure, but we would not receive any cash proceeds, which could impact our ability to meet the REIT distribution requirements imposed by the Code. In **October 2023, our effective exit from the two Hilton San Francisco Hotels that secured the SF Mortgage Loan resulted in such required distribution of our REIT taxable income. See Note 7:" Debt" in our audited consolidated financial statements included elsewhere within this Annual Report on Form 10- K for further details. In** addition, we may give full or partial **recourse** guarantees to lenders of mortgage debt on behalf of the entities that own our hotels. When we give a **recourse** guarantee on behalf of an entity that owns one of our hotels, we will be responsible to the lender for satisfaction of the debt if it is not paid by such entity **or if certain loan provisions are violated** . If any of our hotels are foreclosed on due to a default, our ability to pay cash distributions to our stockholders will be limited. We may be able to incur substantially more debt and enter into other transactions, which could further exacerbate the risks to our financial condition described above. 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 may be able to incur significant additional indebtedness in the future. We may also incur significant additional obligations, such as trade payables, without restrictions under our debt instruments. 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. To the extent we incur additional debt, the substantial leverage risks described in the preceding two risk factors would increase. Risks Related to the Spin- Off We may be responsible for U. S. federal income tax liabilities that relate to the spin- off. Hilton Parent received a ruling (" IRS Ruling ") from the U. S. Internal Revenue Service (" IRS ") regarding certain U. S. federal income tax aspects of the spin- off. The IRS Ruling received is binding on the IRS, however, the validity of the IRS Ruling is based upon and subject to the accuracy of factual statements and representations made to the IRS by Hilton Parent. As a result of the IRS' s ruling policy at the time of Hilton Parent' s submission, with respect to transactions under Section 355 of the Code, the IRS Ruling is limited to specified aspects of the spin- off under Section 355 of the Code and does not represent a determination by the IRS that all of the requirements necessary to obtain tax- free treatment to holders of Hilton Parent' s common stock and to Hilton have been satisfied. Moreover, if any statement or representation upon which the IRS Ruling is based is incorrect or untrue in any material respect, or if the facts upon which the IRS Ruling is based are materially different from the facts that prevailed at the time of the spin- off, the IRS Ruling could be invalidated. If all or a portion of the spin- off does not qualify as a tax- free transaction for any reason, Hilton Parent may recognize a substantial gain for U. S. federal income tax purposes. In such case, under U. S. Treasury regulations, each member of the Hilton consolidated group at the time of the spin- off (including us) would be jointly and severally liable for the resulting entire amount of any U. S. federal income tax liability.

Additionally, if the distribution of HGV Parent common stock and / or the distribution of Park Parent common stock do not qualify as tax- free under Section 355 of the Code, Hilton Parent stockholders will be treated as having received a taxable dividend to the extent of Hilton Parent' s current and accumulated earnings and profits and then would have a tax- free basis recovery up to the amount of their tax basis in their shares and then would have taxable gain from the sale or exchange of the shares to the extent of any excess. Even if the spin- off otherwise qualifies as a tax- free transaction for U. S. federal income tax purposes, the distribution would be taxable to us, Hilton Parent and HGV Parent (but not to Hilton Parent stockholders) pursuant to Section 355 (e) of the Code if there were one or more acquisitions (including issuances) of our stock, the stock of HGV Parent or the stock of Hilton Parent, representing 50 % or more, measured by vote or value, of the stock of any such corporation and the acquisition or acquisitions are deemed to be part of a plan or series of related transactions that include the distribution. The distribution occurred on January 3, 2017. Any acquisition of our common stock within the two- year period before or after January 3, 2017 (with exceptions, including public trading by less- than- 5 % stockholders and certain compensatory stock issuances) generally would be presumed to have been part of such a plan; however, that presumption is rebuttable. The resulting tax liability would be substantial, and under U. S. Treasury regulations, each member of the Hilton consolidated group at the time of the spin- off (including us) would be jointly and severally liable for the resulting U. S. federal income tax liability. We do not believe that there have been acquisitions of 50 % or more of our stock pursuant to a plan that would cause the distribution to be taxable pursuant to Section 355 (e) of the Code. This determination relies in part upon factual statements and representations by Hilton Parent, HGV Parent and certain of our shareholders. The rules for determining whether our shares have been acquired pursuant to the requisite plan are not clear in all cases. Accordingly, the IRS or a court could disagree with our view. Pursuant to the Tax Matters Agreement, we agreed to indemnify Hilton Parent and HGV Parent for any tax liabilities resulting from certain actions we take, or fail to take, and Hilton Parent and HGV Parent agreed to indemnify us for any tax liabilities resulting from transactions entered into, or actions not taken, by Hilton Parent or HGV Parent. For additional detail, see “ Spin- off Related Agreements — Tax Matters Agreement. ” We could be required to assume responsibility for obligations allocated to Hilton Parent or HGV Parent under the Distribution Agreement or Tax Matters Agreement or could have indemnification obligations under such agreements. Under the Distribution Agreement and related ancillary agreements, from and after the spin- offs, each of Hilton Parent, Park Parent and HGV Parent are generally responsible for the debts, liabilities and other obligations related to the business or businesses which they own and operate following the spin- off. Although we do not expect to be liable for any obligations that are not allocated to us under the Distribution Agreement, a court could disregard the allocation agreed to between the parties and require that we assume responsibility for obligations allocated to Hilton Parent or HGV (for example, tax and / or environmental liabilities), particularly if Hilton Parent or HGV Parent were to refuse or were unable to pay or perform the allocated obligations. See “ Spin- off Related Agreements — Distribution Agreement. ” In addition, the Distribution Agreement and Tax Matters Agreement provide for cross- indemnities that, except as provided in such agreements, are principally designed to place financial responsibility for the obligations and liabilities of each business with the appropriate company. As well, losses in respect of certain shared contingent liabilities, which generally are not specifically attributable to our business, HGV business or the retained business of Hilton, were determined on the date on which the Distribution Agreement was entered into. The percentage of shared contingent liabilities for which we are responsible was fixed in a manner that is intended to approximate our estimated enterprise value on the distribution date relative to the estimated enterprise values of HGV and Hilton. Subject to certain limitations and exceptions, Hilton will generally be vested with the exclusive management and control of all matters pertaining to any such shared contingent liabilities, including the prosecution of any claim and the conduct of any defense. Any of the foregoing indemnification obligations or shared contingent liabilities could negatively affect our business, financial condition, results of operations and cash flows. See “ Spin- off Related Agreements — Distribution Agreement ” and “ — Tax Matters Agreement. ” In connection with the spin- offs, Hilton and HGV indemnified us for certain liabilities. These indemnities may not be sufficient to insure us against the full amount of the liabilities assumed by Hilton and HGV, and Hilton and HGV may be unable to satisfy their indemnification obligations to us in the future. In connection with the spin- offs, each of Hilton and HGV indemnified us with respect to such parties' assumed or retained liabilities pursuant to the Distribution Agreement and breaches of the Distribution Agreement or other agreements related to the spin- offs. There can be no assurance that the indemnities from each of Hilton and HGV will be sufficient to protect us against the full amount of these and other liabilities. Third parties also could seek to hold us responsible for any of the liabilities that Hilton and HGV have agreed to assume. Even if we ultimately succeed in recovering from Hilton or HGV any amounts for which we are held liable, we may be temporarily required to bear those losses. Each of these risks could negatively affect our business, financial condition, results of operations and cash flows. Risks Related to our REIT Status and Certain Other Tax Items If we do not maintain our qualification as a REIT, we will be subject to tax as a C corporation and could face a substantial tax liability. We have been taxed as a REIT for U. S. federal income tax purposes beginning January 4, 2017. We believe we have been organized and operated, and expect to continue to be organized and operate, in a manner to qualify as a REIT. However, qualification as a REIT involves the interpretation and application of highly technical and complex Code provisions for which no or only a limited number of judicial or administrative interpretations may exist. Notwithstanding the availability of cure provisions in the Code, we could fail to meet various compliance requirements, which could jeopardize our REIT status. **Our REIT status is also dependent upon the ongoing and historic qualification of subsidiary entities qualifying as REITs or TRSs, as applicable, as a result of its substantial ownership interest in those entities.** 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, **or any of our subsidiary entities qualifying as REITs,** fail to qualify as a REIT in any tax year, then: • we, **or such subsidiary entity,** would be taxed as a C corporation, which under current laws, among other things, means being unable to deduct dividends paid to stockholders in computing taxable income and being subject to U. S. federal income tax on our taxable income at corporate income tax rates; • any resulting tax liability could be substantial and

could have a material adverse effect on our value and financial condition; • unless we, **or such subsidiary entity**, were entitled to relief under applicable statutory provisions, we, **or such subsidiary entity**, would be required to pay income taxes, and thus, our cash available for distribution to stockholders would be reduced for each of the years during which we, **or such subsidiary entity**, did not qualify as a REIT; and • we, **or such subsidiary entity**, generally would not be eligible to requalify as a REIT for the subsequent four taxable years. As a result of all these factors, our failure to qualify as a REIT could impair our ability to execute our business and growth strategies, as well as make it more difficult for us to raise capital and service our indebtedness. In addition, if we fail to qualify as a REIT, we will not be required to make distributions to stockholders. ~~Park would incur adverse tax consequences if Chesapeake or any of Park or Chesapeake's subsidiary REITs failed to qualify as a REIT for U. S. federal income tax purposes. Park accepted that Chesapeake qualified as a REIT for U. S. federal income tax purposes prior to the Merger and that Park will be able to continue to qualify as a REIT following the Merger. However, if Chesapeake has failed to qualify as a REIT, Merger Sub would succeed to significant tax liabilities (including the significant tax liability that would result from the deemed sale of assets by Chesapeake pursuant to the Merger) the economic burden of which would be borne by PK Domestic and Park, and Park could possibly lose its REIT status if disqualifying activities continued after the Merger. Park's REIT status is also dependent upon the ongoing qualification of subsidiary entities qualifying as REITs or TRSs, as applicable, as a result of its substantial ownership interest in those entities.~~ We may face other tax liabilities that reduce our cash flows. Even if we qualify for taxation as a REIT, we may be subject to certain U. S. federal, state and local taxes on our income and assets, including taxes on any undistributed income, tax on income from some activities conducted as a result of a foreclosure, and property and transfer taxes. Moreover, if we have net income from “prohibited transactions,” that income will be subject to a 100 % tax. In addition, we could, in certain circumstances, be required to pay an excise or penalty tax (which could be significant in amount) in order to utilize one or more relief provisions under the Code to maintain our qualification as a REIT. We are subject to U. S. federal and state income tax on the income earned by our TRSs. Any of these taxes would decrease cash available for distributions to stockholders. Finally, we have operations and assets in Puerto Rico that are subject to tax. Any of these taxes decrease cash available for distribution to our stockholders. Complying with REIT requirements may force us to borrow to make distributions to stockholders. From time to time, our taxable income may be greater than our cash flow available for distribution to stockholders. If we do not have other funds available in these situations, we may be unable to distribute substantially all of our taxable income as required by the REIT provisions of the Code. In addition, we may be subject to limitations on the ability to use our net operating loss carryovers to offset taxable income that we do not distribute. Thus, we could be required to borrow funds, raise additional equity capital, sell a portion of our assets at disadvantageous prices, issue securities or find another alternative to make distributions to stockholders. These options could increase our costs or reduce our equity. Our transactions with our TRSs may cause us to be subject to a 100 % penalty tax on certain income or deductions if those transactions are not conducted on an arm's-length basis. The Code imposes a 100 % excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm's-length basis. The 100 % tax may apply, for example, to the extent that we were found to have charged our TRS lessees rent in excess of an arm's-length rent. It is our policy to evaluate material intercompany transactions and to attempt to set the terms of such transactions so as to achieve substantially the same result as would have been the case if they were unrelated parties. As a result, we believe that all material transactions between and among us and the entities in which we own a direct or indirect interest have been and will be negotiated and structured with the intention of achieving an arm's-length result and that the potential application of the 100 % excise tax will not have a material effect on us. There can be no assurance, however, that we will be able to comply with the TRS limitation or to avoid application of the 100 % excise tax. If the leases of our hotels to our TRS lessees are not respected as true leases for U. S. federal income tax purposes, we will fail to qualify as a REIT. To continue to qualify as a REIT, we must annually satisfy two gross income tests, under which specified percentages of our gross income must be derived from certain sources, such as “rents from real property.” Rents paid to us by our TRS lessees pursuant to the leases of our hotels will constitute substantially all of our rents from real property gross income. In order for such rent to qualify as “rents from real property” for purposes of the gross income tests, the leases must be respected as true leases for U. S. federal income tax purposes and not be treated as service contracts, financing arrangements, 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 there can be no assurance that the IRS will agree with this characterization, not challenge this treatment or that a court would not sustain such a challenge. If our leases are not respected as true leases for U. S. federal income tax purposes, we will fail to qualify as a REIT. If any third-party hotel managers do not qualify as “eligible independent contractors” or if our hotels are not “qualified lodging facilities,” we will fail to qualify as a REIT. Rent paid by a lessee that is a “related party tenant” of ours will not be qualifying income for purposes of the two gross income tests applicable to REITs. An exception is provided, however, for leases of “qualified lodging facilities” to a TRS so long as the hotels are operated by an “eligible independent contractor” and certain other requirements are satisfied. Substantially all of our hotels are leased to our TRS lessees which have engaged third-party hotel managers (including Hilton, which manages a majority of our hotels) that we believe qualify as “eligible independent contractors.” Among other requirements, an operator will qualify as an eligible independent contractor if it meets certain ownership tests with respect to us, and if, at the time the operator enters into a property management contract with a TRS or its TRS lessee with respect to one of our properties, the operator is actively engaged in the trade or business of operating “qualified lodging facilities” (as defined below) for one or more persons not related to the REIT or its TRSs. No assurances can be provided that any of our current and future hotel managers will in fact comply with this requirement. Failure to comply with this requirement would require us to find other hotel managers for future contracts, and, if we hired a management company without knowledge of the failure, it could jeopardize our status as a REIT. Finally, each property with respect to which our TRS lessees pay rent must be a “qualified lodging facility.” A “qualified lodging facility” is a hotel, motel, or other establishment more than one-half of the dwelling units in which are used on a transient basis, including customary amenities

and facilities, provided that no wagering activities are conducted at or in connection with such facility by any person who is engaged in the business of accepting wagers and who is legally authorized to engage in such business at or in connection with such facility. We believe that the properties that are leased to our TRS lessees are qualified lodging facilities. Although we intend to monitor future acquisitions and improvements of properties, REIT provisions of the Code provide no or only limited guidance for making determinations under the requirements for qualified lodging facilities, and there can be no assurance that these requirements will be satisfied. Risks Related to Ownership of Our Common Stock Anti- takeover provisions in our organizational documents and Delaware law might discourage or delay acquisition attempts for us that stockholders might consider favorable. Our amended and restated certificate of incorporation and bylaws ~~contains~~ **contain** provisions **, as provided for under Delaware law,** that may make the merger or acquisition of our company more difficult without the approval of our Board. Among other things, the provisions: • include a restriction on ownership and transfer of our stock to prevent any person from acquiring more than 9.8 % (in value or by number of shares, whichever is more restrictive) of our outstanding common stock or more than 9.8 % (in value or by number of shares, whichever is more restrictive) of any outstanding class or series of our preferred stock without the approval of our Board (the “ Ownership Limitation”); • would allow us to authorize the issuance of undesignated preferred stock in connection with a stockholder rights plan or otherwise, the terms of which may be established and the shares of which may be issued without stockholder approval, and which may include super voting, special approval, dividend, or other rights or preferences superior to the rights of the holders of common stock (although we do not have a stockholder rights plan, and our policy is to either submit any such plan to stockholders for ratification or cause such plan to expire within a year); • provide that our Board is expressly authorized to make, alter or repeal our bylaws; and • establish advance notice requirements for nominations for elections to our Board or for proposing matters that can be acted upon by stockholders at stockholder meetings. These anti- takeover provisions could discourage, delay or prevent a transaction involving a change in control of our company, including actions that our stockholders may deem advantageous, or negatively affect the trading price of our common stock. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and to cause us to take other corporate actions you desire. The stock ownership limits imposed by the Code for REITs and our amended and restated certificate of incorporation restrict stock transfers and / or business combination opportunities. In order for us to maintain our qualification as a REIT under the Code, not more than 50 % in value of our outstanding stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities) at any time during the last half of each taxable year. Our amended and restated certificate of incorporation also contains other limitations, including the Ownership Limitation, and prohibits any person from: (1) beneficially or constructively owning, as determined by applying certain attribution rules of the Code, our stock if that would result in us being “ closely held ” under Section 856 (h) of the Code or otherwise cause us to fail to qualify as a REIT; (2) beneficially or constructively owning shares of our stock that would cause any person, including Hilton Parent, to fail to qualify as our eligible independent contractor; (3) transferring stock if such transfer would result in our stock being owned by fewer than 100 persons; and (4) beneficially owning shares of our stock to the extent such ownership would result in our failing to qualify as a “ domestically controlled qualified investment entity ” within the meaning of Section 897 (h) of the Code. In addition, there can be no assurances that our Board, as permitted in the charter, will not decrease the Ownership Limitation to lower than 9.8 % in the future. These stock ownership limits, including the Ownership Limitation, might delay or prevent a transaction or a change in our control that might involve a premium price for our common stock or otherwise be in the best interests of our stockholders. 28