

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

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The statements in this section describe some of the material risks to our business and should be considered carefully in evaluating our business and the other information in this Form 10-K. In addition, these statements constitute our cautionary statements under the Private Securities Litigation Reform Act of 1995, as amended. The following is a summary of the material risks to our business, all of which are described in more detail below: Risks Related to Our Business and Industry: ● we own upper upscale and luxury hotels located in urban and resort destinations in an industry that is highly competitive; ● events beyond our control, including economic slowdowns or recessions, pandemics ~~such as the pandemic caused by COVID-19 and its variants~~, natural disasters, civil unrest and terrorism may harm the operating performance of the hotel industry generally and the performance of our hotels; ● inflation may adversely affect our financial condition and results of operations; ● system security risks, data protection breaches, cyber-attacks and systems integration issues could disrupt the information technology network and systems used by us, our suppliers, our third-party managers or our franchisors; ● a significant portion of our hotels are geographically concentrated and, accordingly, we could be disproportionately harmed by economic ~~downturns~~ **conditions, competition, new hotel supply, real and personal property tax rates,** or natural disasters in these areas of the country; ● we face possible risks associated with the physical and transitional effects of climate change; ● uninsured or underinsured losses could harm our financial condition; ● the operating results of some of our hotels are significantly reliant upon group and transient business generated by large corporate customers, and the loss of such customers for any reason could harm our operating results; ● the increased use of virtual meetings and other similar technologies could lessen the need for business-related travel, and, therefore, demand for rooms in our hotels may be adversely affected; ● our hotels ~~require~~ **require** have an ongoing ~~need for~~ capital investment and we may incur significant capital expenditures in connection with acquisitions, repositionings and other improvements, some of which are mandated by applicable laws or regulations or agreements with third parties, and the costs of such renovations, repositionings or improvements may exceed our expectations or cause other problems; ● delays in the acquisition, renovation or repositioning of hotel properties may have adverse effects on our results of operations and returns to our stockholders; ● accounting for the acquisition of a hotel property or other entity involves assumptions and estimations to determine fair value that could differ materially from the actual results achieved in future periods; ● volatility in the debt and equity markets may adversely affect our ability to acquire, renovate, refinance or sell our hotels; ● we may pursue joint venture investments that 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-venturer; ● we may be subject to unknown or contingent liabilities related to recently sold or acquired hotels, as well as hotels we may sell or acquire in the future; ● we may seek to acquire a portfolio of hotels or a company, which could present more risks to our business and financial results than the acquisition of a single hotel; ● the sale of a hotel or portfolio of hotels is typically subject to contingencies, risks and uncertainties, any of which may cause us to be unsuccessful in completing the disposition; ● the illiquidity of real estate investments and the lack of alternative uses of hotel properties could significantly limit our ability to respond to adverse changes in the performance of our hotels; ● we may issue or invest in hotel loans, including subordinated or mezzanine loans, which could involve greater risks of loss than senior loans secured by income-producing real properties; ● if we make or invest in mortgage loans with the intent of gaining ownership of the hotel secured by or pledged to the loan, our ability to perfect an ownership interest in the hotel is subject to the sponsor's willingness to forfeit the property in lieu of the debt; ● one of our hotels is subject to a ground lease with an unaffiliated party, the termination of which by the lessor for any reason, including due to our default on the lease, could cause us to lose the ability to operate the hotel altogether and may adversely affect our results of operations; ● because we are a REIT, we depend on third parties to operate our hotels; ● we are subject to risks associated with our operators' employment of hotel personnel; ● most of our hotels operate under a brand owned by Marriott, Hilton, Hyatt, Four Seasons or Montage. Should any of these brands experience a negative event, or receive negative publicity, our operating results may be harmed; ● our franchisors and brand managers may adopt new policies or change existing policies, which could result in increased costs that could negatively impact our hotels; ● future adverse litigation judgments or settlements resulting from legal proceedings could have an adverse effect on our financial condition; ● claims by persons regarding our properties could affect the attractiveness of our hotels or cause us to incur additional expenses; ● the hotel business is seasonal and seasonal variations in business volume at our hotels will cause quarterly fluctuations in our revenue **and operating results**; ● changes in the debt and equity markets may adversely affect the value of our hotels; **11** ● certain of our hotels have in the past become impaired and additional hotels may become impaired in the future; ● laws and governmental regulations may restrict the ways in which we use our hotel properties and increase the cost of compliance with such regulations. Noncompliance with such regulations could subject us to penalties, loss of value of our properties or civil damages; ● corporate responsibility, specifically related to ESG factors and commitments, may impose additional costs and expose us to new risks that could adversely affect our results of operations, financial condition and cash flows; ● our franchisors and brand managers may require us to make capital expenditures pursuant to property improvement plans or to comply with brand standards **, and the failure to make the required expenditures could cause the franchisors or hotel brands to terminate the franchise, management or operating lease agreements**; ● termination of any of our franchise, management or operating lease agreements could cause us to lose business or lead to a default or acceleration of our obligations under certain of our debt instruments; ● the growth of alternative reservation channels could adversely affect our business and profitability; ● the failure of tenants in our hotels to make rent payments ~~under or~~ **otherwise comply with the material terms of** our retail and restaurant leases may adversely affect our results of operations; ●

we rely on our corporate and hotel senior management teams, the loss of whom may cause us to incur costs and harm our business; **• we could be harmed by inadvertent errors, misconduct or fraud that is difficult to detect**; and **• if we fail to maintain effective internal control over financial reporting and disclosure controls and procedures, we may not be able to accurately report our financial results or identify and prevent fraud**. Risks Related to Our Debt and Financing: **• we have outstanding debt which may restrict our financial flexibility; • we are subject to our debt agreements contain various financial covenants, and should we default, we may be required to pay additional fees, provide additional security, repay the debt or forfeit the hotel securing the debt. Defaulting on existing debt may limit our ability to access additional debt financing in the future**; **• financial covenants in our debt instruments may restrict our operating or, acquisition or disposition activities; • our existing mortgage debt agreements contain “cash trap” and restricted payment provisions that, in certain circumstances, could limit our ability to use funds generated by our hotels for other corporate purposes or to make distributions to our stockholders; • certain of our debt is subject to variable interest rates, which can create creates uncertainty in forecasting our the amount of interest expense we will incur in the future** and may negatively impact our operating results; **• we may not be able to refinance our debt on favorable terms or at all; and • our organizational documents contain no limitations on the amount of debt we can incur so we may become too highly leveraged.** Risks Related to Our Status as a REIT: **• if we fail to qualify as a REIT, our distributions will not be deductible by us and our income will be subject to federal and state taxation; • even as a REIT, we may become subject to federal, state or local taxes on our income or property; • dividends payable by REITs generally do not qualify for the reduced tax rates available for some dividends; • if the leases between our hotels and the TRS Lessee are not respected as true leases for federal income tax purposes, we would fail to qualify as a REIT; • we may be subject to taxes in the event our operating leases are not held to be on an arm’s- length basis; • the TRS Lessee is subject to special rules that may result in increased taxes; • because we are a REIT, we depend on the TRS Lessee and its subsidiaries to make rent payments to us; • we may be required to pay a penalty tax upon the sale of a hotel; • we may be subject to corporate level-income tax on certain built- in gains; • a transaction intended to qualify as a Section 1031 Exchange may later be determined to be taxable; and • legislative or other actions affecting REITs could have a negative effect on us.** Risks Related to Our Common Stock and Corporate Structure: **12 • the market price of our equity securities may vary substantially; • any future distributions to our common stockholders may vary, and distributions on our common stock may be made in the form of cash, stock or a combination of both; however, the IRS may disallow our use of stock dividends; • shares of our common stock that are or become available for sale could affect the share stock price; • our earnings and cash distributions may affect the market price of our common stock; • our stock repurchase program may not enhance long- term stockholder value, could cause volatility in the price of our common and preferred stock and could diminish our cash reserves; 12 • provisions of Maryland law and our organizational documents may limit the ability of a third party to acquire control of our the Company and may serve to limit our stock price; and • our board of directors may change our significant corporate policies without the consent of our stockholders.** The following includes a more detailed discussion of our material risk factors: Risks Related to Our Business and Industry We own primarily upper upscale and luxury hotels located in urban and resort destinations in an industry that is highly competitive. The lodging industry is highly competitive. Our hotels compete with other hotels and alternative lodging options such as timeshare, vacation rentals or sharing services such as Airbnb based on the basis of location, price room rates, physical attributes, service levels, brand affiliation and reputation, among many other factors. New hotels may be constructed, creating new additional competitors competition, in some cases without corresponding increases in demand for hotel rooms. Some of our competitors may have hotels that are better located, have a stronger reputation, or possess superior physical attributes than our hotels. This competition could reduce occupancy levels and room revenue at our hotels, which would harm our operations and limit or slow our future growth. In addition, in periods of weak low demand, profitability is negatively affected by the relatively high fixed costs of operating upper upscale and luxury hotels when compared to other classes of hotels. In addition, our business strategy is predicated on a lifecycle cycle- appropriate approach to hotel acquisitions and dispositions, and we may not be successful in identifying or completing acquisitions or dispositions that are consistent with our strategy. We compete with institutional pension funds, private equity investors, high net worth individuals, other REITs and numerous local, regional, national and international owners who are engaged in the acquisition of hotels. We also rely on the foregoing entities as potential purchasers of hotels we seek to sell. These competitors may affect the supply / demand dynamics and, accordingly, increase the price we must pay for hotels or hotel companies we seek to acquire, and these competitors may succeed in acquiring those hotels or hotel companies themselves. Furthermore, owners of our potential acquisition targets may find our competitors to be more attractive suitors because they may have greater financial resources, may be willing to pay more, or may have a more compatible operating philosophy. We believe that both new hotel construction and new hotel openings were delayed or even cancelled over the past several years due to the negative effects of the COVID- 19 pandemic on the economy and the lodging industry. In addition, we believe construction supply constraints, the cost and availability of financing, and inflationary pressures on the cost of building materials will continue to discourage new hotel supply in many markets although some markets will experience new hotel openings at or greater than historic levels, including in Boston, Orlando and Portland. We are unable to predict certain market changes including changes in the supply of, or demand for, similar real properties in a particular area. If we pay higher prices for hotels, our profitability may be reduced. Also, future acquisitions of hotels or hotel companies may not yield the returns we expect and, if financed using our equity, may result in stockholder dilution. In addition, our profitability may suffer because of acquisition- related costs, and the integration of such acquisitions may cause disruptions to our business and may strain management resources. Events beyond our control, including economic slowdowns or recessions, pandemics such as the pandemic caused by COVID- 19 and its variants, natural disasters, civil unrest and terrorism may harm the operating performance of the hotel industry generally and the performance of our hotels. The operating and financial performance of the lodging industry has traditionally been closely linked with the performance of the general economy. Our hotels are classified as either upper upscale or luxury hotels. In an economic downturn or recession,

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 in part because upper upscale and luxury hotels generally target business and ~~high-end~~ leisure travelers, **and these groups may seek to curtail spending in periods of economic decline**. In addition, operating results at our hotels in resort markets may be negatively affected by reduced demand from domestic travelers due to pent up desire for international travel as ~~international~~ pandemic-related era travel restrictions ~~are~~ **have been** lifted, **and by changes in the value of the U. S. dollar in relation to other currencies which may make international travel more affordable**; whereas operating results at our hotels in ~~key~~ gateway markets may be negatively affected by reduced demand from international travelers due to financial conditions in their home countries or a material strengthening of the U. S. dollar in relation to other currencies **which makes travel to the U. S. less affordable**. Also, volatility in transportation fuel costs, increases in air and ground travel costs ~~and~~, decreases in airline capacity, **and prolonged periods of inclement weather in our markets** may reduce the demand for our hotels. In periods of economic difficulties, including those caused by pandemics ~~such as the pandemic caused by COVID-19 and its variants~~, business and leisure travelers may reduce travel costs by limiting travel or by using lower cost accommodations. ~~COVID-19 and its variants have had and continue to have a detrimental effect on our financial condition, results of operations and cash flows.~~ While operations **have** sequentially improved ~~since~~ **since** in 2022 as compared to 2021 and 2020, several of our hotels continue to operate below pre- ~~13~~ pandemic ~~levels~~ **pandemic** levels. During 2022-~~2023~~ **2023**, ~~corporate transient and our portfolio benefited from robust group business and increased 13 corporate travel while demand accelerated, reducing our reliance on leisure demand~~ **normalized**, which was the dominant source of business at many of our hotels during 2021. Leisure demand continued to be robust throughout most of 2022, but the greatest demand growth was at our urban and group-oriented hotels which experienced increased near-term booking activity, higher than expected attendance at group events and increased ~~business transient demand~~. The amount of corporate business at our hotels continues to grow and we anticipate that our operations will **further** continue to normalize in 2023-~~2024~~ **2024**; however, COVID-19 and the unpredictability of its new variants may continue to cause uncertainty and volatility with respect to our financial condition, results of operations and cash flows. The negative effects of the COVID-19 pandemic on the hotel industry have been unprecedented and we continue to have limited visibility to predict future operations. We believe that the steps we have taken to maintain an appropriate cash position and preserve our financial flexibility, combined with the amendments to our unsecured debt, our already strong balance sheet and our appropriate leverage will be sufficient to allow us to withstand any potential declines in our operating cash flow. Given the unprecedented impact of COVID-19 on the global market and our hotel operations, we cannot, however, assure you that our forecast or the assumptions we used to estimate our liquidity requirements will be correct. In addition, we cannot predict with certainty the magnitude and duration of the effects of the COVID-19 pandemic on our business, financial condition or ~~operational results with reasonable certainty~~. Natural disasters, civil unrest and terrorism may also negatively impact our operations. We own five hotels located in **wildfire-prone or** seismically active areas of California and six hotels located in areas that have an increased potential to experience hurricanes (Florida, Hawaii, and Louisiana). In addition, we own ~~five~~ **four** hotels that are located in concentrated business sectors in major cities (~~such as~~ Boston, San Diego, San Francisco and Washington, DC) that may be subject to higher-than-normal risk of terrorist attacks. We have acquired and intend to maintain comprehensive insurance on each of our hotels, including liability, terrorism, fire and extended coverage, of the type and amount that we believe are customarily obtained for or by hotel owners. We cannot guarantee that such coverage will continue to be available at reasonable coverage levels, at reasonable rates or at reasonable deductible levels. Additionally, deductible levels are typically higher for earthquakes, floods and named windstorms, and there remains considerable uncertainty regarding the extent and adequacy of terrorism coverage that will be available to protect our interests in the event of future terrorist attacks that impact our hotels. Accordingly, our financial results may be harmed if any of our hotels are damaged by natural disasters or terrorist attacks resulting in losses (either insured or uninsured) or causing a decrease in average daily room rates and / or occupancy. Even in the absence of direct physical damage to our hotels, the occurrence of any natural disasters, terrorist attacks, military actions, outbreaks of diseases, or other casualty events, may have a material adverse effect on our business, the impact of which could result in a material adverse effect on our financial condition, results of operations and our ability to make distributions to our stockholders. Inflation may adversely affect our financial condition and results of operations. Inflation in the United States, Europe and other geographies has risen to levels not experienced in recent decades. Increasing inflation could adversely affect consumer confidence, which could reduce consumer purchasing power and demand for lodging. Additionally, inflation affects our ~~hotel~~ expenses, including, without limitation, by increasing such costs as wages, employee-related benefits, food costs, commodity costs, including those used to renovate or reposition our hotels, property taxes, property and liability insurance ~~and~~, utilities, **and borrowing costs**. We rely on our hotel operators to adjust room rates and pricing for hotel services to reflect the effects of inflation. However, previously contracted rates, competitive pressures or other factors may limit the ability of our operators to respond to inflation. As a result, our ~~hotel~~ expenses may increase at higher rates than ~~hotel~~ **our** revenue. System security risks, data protection breaches, cyber-attacks and systems integration issues could disrupt the information technology network and systems used by us, our suppliers, our third-party managers or our franchisors, and any such disruption could reduce our expected revenue, increase our expenses, compromise confidential information, damage our reputation, increase our potential liability and adversely affect our common stock price. We and our third-party managers and franchisors rely on information technology networks and systems, including the internet, to access, process, transmit and store electronic customer and financial information. The systems operated by our third-party managers and franchisors require the collection and retention of large volumes of our hotel guests' personally identifiable information, including credit card numbers. Our third-party managers and franchisors may store and process such proprietary and customer information on systems located at our hotels and other hotels that they operate and manage, their corporate locations and at third-party owned facilities, including, for example, in a third-party hosted cloud environment. In addition to the systems operated by our third-party managers and franchisors, we have our own corporate technologies and systems to support our corporate business. Certain of

our third- party managers and their service providers have **been subject to, and previously** publicly released statements disclosing , cyber- attacks and / or unauthorized access to their guest reservation, point- of- sale systems and other sensitive databases, some of which have or may have impacted our hotels and guests who have used our hotels - services or amenities. The risk of a security breach 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 has increased. Our information network and systems and the information networks and systems used by our third- party managers and franchisors can be vulnerable to threats such as: system, network or internet failures; computer hacking or business disruption, including through ~~14network~~ -- **network** - and email- based attacks; cyber- terrorism; viruses, worms, ransomware or other malicious software programs; **social engineering**; and employee error, negligence or fraud. Any compromise of the function, security and availability of our network and systems or the networks and systems of our third- party managers and franchisors could result in disruptions to operations, misappropriated or compromised confidential hotel or hotel guest information, systems disruptions, the shutdown of our hotels, exploited security vulnerability of our respective networks, delayed sales or bookings, lost guest reservations, damage to our reputation or the reputations of our third- party managers and franchisors, increased costs and lower margins. The costs to us to eliminate or alleviate cyber or other security problems could be significant, and our efforts to address these problems may not be successful and could result in interruptions, delays, cessation of service and loss of existing or potential business at our hotels. Any of these events could adversely affect our financial results, common stock price and reputation, lead to unauthorized ~~disclosure~~ - **disclosure** of confidential information, result in **delayed or** misstated financial reports, monetary losses or regulatory penalties and subject us to potential litigation and liability. Portions of our information technology infrastructure or that of our third- party managers and franchisors also may experience interruptions, delays or cessations of service or produce errors in connection with systems installation, integration or migration work that takes place from time to time. We or our third- party managers and franchisors may not be successful in implementing new systems and transitioning data, or may procure hardware or operating system software and applications from third- party suppliers that may contain defects in design or manufacture, which could cause business disruptions and be more expensive, time consuming and resource- intensive. Such disruptions could adversely impact the ability of our third- party managers and franchisors to fulfill reservations for guestrooms and other services offered at our hotels or to deliver to us timely and accurate financial information. Although we have taken steps to protect the security of our information systems and the data maintained in these systems, there can be no assurance that the security measures we have taken will prevent failures, inadequacies, or interruptions in system services, or that system security will not be breached through physical or electronic break- ins, spoofed emails, phishing attacks, computer viruses, cyber extortionists or attacks by hackers. In addition, we rely on the security systems of our third- party managers and franchisors to protect proprietary and customer information from these threats. **We and our third- party managers and operators may be unable to identify, investigate or remediate cyber events or incidents because attackers are increasingly using techniques and tools designed to avoid detection, to circumvent security controls, and to remove or obfuscate forensic evidence.** Our third- party managers and franchisors carry cyber insurance policies to protect and offset a portion of the potential costs that may be incurred from a security breach. Additionally, we have a cyber insurance policy to cover breaches of our corporate infrastructure and systems and to provide supplemental coverage above the coverage carried by our third- party managers and franchisors. We cannot guarantee that such coverage will continue to be available at reasonable coverage levels, at reasonable rates or at reasonable deductible levels. Our policy is subject to limits and sub- limits for certain types of claims, and we do not expect that this policy will cover all of the losses that we could experience from these exposures. Despite various precautionary steps to protect our hotels from losses resulting from cyber- attacks, however, any occurrence of a cyber- attack could still result in losses at our properties, which could affect our results of operations. A significant portion of our hotels are geographically concentrated and, accordingly, we could be disproportionately harmed by economic ~~downturns~~ - **conditions, competition, new hotel supply, real and personal property tax rates,** or natural disasters in these areas of the country. As of December 31, ~~2022~~ **2023**, ~~most~~ the majority of our hotels were geographically concentrated in California, Florida, ~~and~~ Hawaii ~~and~~ Massachusetts as follows:

	Percentage of Revenue	Percentage of Total	2022- Number of Hotels	Total Rooms	Consolidated
California	5 34% - 39 %	<b>44 %</b>	3	<b>19 %</b>	17 %
Florida					
Hawaii	1	<b>8</b>	7 %	18 %	17 %
Massachusetts	2	19 %			

The concentration of our hotels in California, Florida, ~~and~~ Hawaii ~~and~~ Massachusetts exposes our business to economic conditions, competition, **, new hotel supply,** and real and personal property tax rates unique to these locales. In addition, natural disasters in these locales would disproportionately affect our hotel portfolio. The economies and tourism industries in these locales, in comparison to other parts of the country, are negatively affected to a greater extent by changes and downturns in certain industries, including the entertainment, high technology and financial industries. It is also possible that because of our California, Florida, ~~and~~ Hawaii ~~and~~ Massachusetts concentrations, a change in laws applicable to such hotels and the lodging industry may have a greater impact on us than a change in comparable laws in another geographical area in which we have hotels. Adverse developments in these locales could harm our revenue or increase our operating expenses. We face possible risks associated with the physical and transitional effects of climate change. We ~~disclose climate- related risks in our Corporate Responsibility Report in alignment with the recommendations made in 2017 by the TCFD.~~ We are subject to the risks associated with the physical effects of climate change, which can include more frequent or severe storms, hurricanes, flooding, **extreme temperatures,** droughts and wildfires, any of which could have a material adverse effect on our hotels, operating results and cash flows. To the extent climate change causes changes in weather patterns, our coastal markets could experience ~~15increases~~ -- **increases** in storm intensity and rising sea- levels causing damage to our hotels. As a result, we could become subject to significant losses and / or repair costs that may or may not be fully covered by insurance. Other markets may experience prolonged variations in temperature or precipitation that may limit access to the water needed to operate our hotels, **increase the number or length of power outages,** or significantly increase energy costs, which may subject those hotels to

additional regulatory burdens, such as limitations on water usage or stricter energy efficiency standards. Climate change also may affect our business by increasing the cost **15** ~~or limiting the availability~~ of ~~(or making unavailable)~~ property insurance on terms we find acceptable in areas most vulnerable to such events, increasing operating costs at our hotels, such as the cost of water or energy, and requiring us to expend funds as we seek to mitigate, repair and protect our hotels against such risks. We are subject to the climate change risks associated with the transitional effects to a low carbon scenario, which can include increased regulation for building efficiency and equipment specifications, increased regulations or investor requirements for Environmental and Social disclosures, increased cost of goods and raw materials and increased costs to manage the shift in consumer preferences. In an effort to mitigate the impact of climate change, our hotels could become subject to increased governmental laws and regulations mandating energy efficiency standards, the usage of sustainable energy sources and updated equipment specifications which may require additional capital investments or increased operating costs. Climate change may also affect our business by shifting consumer preferences to sustainable travel **or by changing the comparative attractiveness of certain travel locations, and as a result, some of our hotels may be more or less in demand in the future**. Our hotels may be subject to additional costs to manage consumer expectations for sustainable buildings and hotel operations. There can be no assurance that climate change will not have a material adverse effect on our hotels, operating results or cash flows. Uninsured ~~and/or~~ underinsured losses could harm our financial condition, results of operations and ability to make distributions to our stockholders. Various types of litigation losses and catastrophic losses, such as ~~losses those~~ due to wars, terrorist acts, earthquakes, floods, hurricanes, pollution, climate change or other environmental matters, generally are either uninsurable or not economically insurable, or may be subject to insurance coverage limitations, such as large deductibles or co-payments. Should an uninsured loss or a loss in excess of insured limits occur, we could lose all or a portion of the capital we have invested in a hotel, as well as the anticipated future revenue from the hotel. In that event, we might nevertheless remain obligated for any notes payable or other financial obligations related to the property, in addition to obligations to our ground lessor, franchisors and managers. Five of our hotels are located in California, which has been historically at greater risk ~~to of~~ certain acts of nature, **including** ~~(such as~~ wildfires, earthquakes and mudslides ~~)~~, than other states. In addition, a total of six hotels are located in Florida, Hawaii and Louisiana, which each have an increased potential to experience strong winds, **wildfires**, tropical storms and hurricanes. In the event of a catastrophic loss, our insurance coverage may not be sufficient to cover the full current market value or replacement cost of our lost investment. Inflation, changes in building codes and ordinances, environmental considerations and other factors might also keep us from using insurance proceeds to replace or renovate a hotel after it has been damaged or destroyed. Under those circumstances, the insurance proceeds we receive might be inadequate to restore our economic position on the damaged or destroyed hotel. Acts of nature that do not result in physical loss at our hotels could diminish the desirability of our hotel's location, resulting in less demand by travelers. Property and casualty insurance, including coverage for terrorism, can be difficult or expensive to obtain. When our ~~current existing~~ insurance policies expire, we may encounter difficulty in obtaining or renewing property or casualty insurance on our hotels at the same levels of coverage and under similar terms. Such insurance may be more limited and for some catastrophic risks (e. g., earthquake, fire, flood and terrorism) may not be generally available at current levels. Even if we are able to renew our policies or to obtain new policies at levels and with limitations consistent with our current policies, we cannot be sure that we will be able to obtain such insurance at premium rates that are commercially reasonable. If we are unable to obtain adequate insurance on our hotels ~~for certain risks~~, it could cause us to be in default under ~~specific certain~~ covenants ~~on certain~~ of our indebtedness or other contractual commitments we have to our ground lessor, franchisors and managers which require us to maintain adequate insurance on our properties to protect against the risk of loss. If this were to occur, or if we were unable to obtain adequate insurance and our properties experienced damages which would otherwise have been covered by insurance, it could harm our financial condition and results of operations. In addition, there are other risks, such as certain environmental hazards, that may be deemed to fall completely outside the general coverage limits of our policies or may be uninsurable or too expensive to justify coverage. We also may encounter challenges with an insurance provider regarding whether it will pay a particular claim that we believe to be covered under our policy. The operating results of some of our hotels are significantly reliant upon group and transient business generated by large corporate customers, and the loss of such customers for any reason could harm our operating results. Group contract business and room nights generated by large corporate transient customers can significantly impact our hotels' operating results. These contracts and customers vary from hotel to hotel and change from time to time. Such group contracts are typically for a limited period of time after which they may be put up for competitive bidding. The impact and timing of large events ~~16~~ ~~are~~ not always easy to predict. Some of these contracts and events may also be cancelled ~~(such as occurred in 2020 and 2021 due to the COVID-19 pandemic)~~, which could reduce our expectations for ~~future~~ **16** ~~future~~ revenues or result in potential litigation in order to collect cancellation fees. As a result, the operating results for our individual hotels can fluctuate as a result of these factors, possibly in adverse ways, and these fluctuations can affect our overall operating results. The increased use of virtual meetings and other similar technologies could lessen the need for business-related travel, and, therefore, demand for rooms in our hotels may be adversely affected. **The** ~~During 2020 and 2021, the~~ COVID-19 pandemic caused a significant decrease in business-related travel as companies increasingly utilized virtual meetings in response to travel restrictions and to protect the health and safety of their employees. While business transient demand improved in 2022 **and 2023**, it remained below pre-pandemic levels **at some of our hotels**. The increased use of teleconferencing and video-conference technology by businesses may continue in the future, which could result in a sustained reduction in business travel. To the extent that such technologies, or new technologies, play an increased role in business interactions and the need for business-related travel decreases, demand for hotel rooms may decrease and our hotels could be adversely affected. Our hotels **require** ~~have an~~ ongoing ~~need for~~ capital investment and we may incur significant capital expenditures in connection with acquisitions, repositionings and other improvements, some of which are mandated by applicable laws or regulations or agreements with third parties, and the costs of such renovations, repositionings or improvements may exceed our expectations or cause other

problems. In addition to capital expenditures required by our management, franchise and loan agreements, from time to time we will need to make capital expenditures to comply with applicable laws and regulations, to remain competitive with other hotels and to maintain the economic value of our hotels. We also may need to make significant capital improvements to hotels that we acquire. During **2023 and 2022 and 2021**, we invested \$ **110.1 million and \$ 128.6 million and \$ 63.7 million** into our hotels, respectively, which included a **substantial transformative** renovation of the Renaissance Washington DC associated with the hotel's **rebranding conversion** to The Westin Washington, DC **Downtown** and a **rooms** renovation at the Hyatt Regency San Francisco. **In addition, in 2023, we began substantial renovations of The Confidante Miami Beach and the Renaissance Long Beach in preparation for their conversions to Andaz Miami Beach and Marriott Long Beach Downtown, respectively.** Occupancy and ADR are often affected by the maintenance and capital improvements at a hotel, especially **if in the event that** the maintenance or improvements are not completed on schedule or if the improvements require significant **closures-disruption** at the hotel. The costs of capital improvements we need or choose to make could harm our financial condition and reduce amounts available for distribution to our stockholders. These capital improvements may give rise to the following additional risks, among others: • construction cost overruns and delays, including inflationary increases to commodity costs and supply chain disruptions; • a possible shortage of available cash to fund capital improvements and the related possibility that financing for these capital improvements may not be available to us on affordable terms; • uncertainties as to market demand or a loss of market demand after capital improvements have begun; • disruption in service and room availability causing reduced demand, occupancy and rates; • possible environmental problems; and • disputes with managers or franchisors regarding our compliance with the requirements under the relevant management, operating lease or franchise agreement. Delays in the acquisition, renovation or repositioning of hotel properties may have adverse effects on our results of operations and returns to our stockholders. Delays we encounter in the **selection**, acquisition, renovation and repositioning of hotel properties could adversely affect investor returns. Our ability **to commit** to purchase specific assets will depend, in part, on the amount of our available cash at a given time. Renovation or repositioning programs may take longer and cost more than initially expected. Therefore, we may experience delays in receiving cash distributions from such hotels. If our projections are inaccurate, we may not achieve our anticipated returns. Accounting for the acquisition of a hotel property or other entity involves assumptions and estimations to determine fair value that could differ materially from the actual results achieved in future periods. **The Accounting for the** acquisition of a hotel property or other entity requires an analysis of the transaction to determine if it qualifies as the purchase of a business or an asset. **Such analysis requires subjective inputs and estimates** **if the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets, and then the** transaction is an asset acquisition. We determined that the three hotels we acquired in 2022 and 2021 each **qualified as an asset acquisition.** The result of our **prior** analyses, and any future analyses, affects both our balance sheet and our statement of operations as **transaction costs associated with asset acquisitions are capitalized and subsequently depreciated over the life of the related asset, while the same costs associated with a business combination are expensed as incurred and included in corporate overhead.** Also, given the subjectivity, business combinations are provided a one-year measurement period to adjust the provisional amounts recognized if the necessary information is not available by the end of the reporting period in which the acquisition occurs; whereas asset acquisitions are not subject to a measurement period. **Accounting -- Accounting** for the acquisition of a hotel property or other entity requires either allocating the purchase price to the assets acquired and the liabilities assumed in the transaction at their respective relative fair values for an asset acquisition or recording the assets and liabilities at their estimated fair values with any excess consideration above net assets going to goodwill for a business combination. The **most difficult estimations of individual fair values are those involving long-lived assets, such as property, equipment and intangible assets, together with any finance or operating lease right-of-use assets and their related obligations.** When we acquire a hotel property or other entity, we use all available information to make these fair value determinations, including discounted cash flow analyses, market comparable data and replacement cost data. In addition, we make significant estimations regarding capitalization rates, discount rates, average daily rates, revenue growth rates and occupancy. We also engage independent valuation specialists to assist in the fair value determinations of the long-lived assets acquired and the liabilities assumed. The determination of fair value is subjective and is based in part on assumptions and estimates that could differ materially from the actual results in future periods. Should our allocations be incorrect, our assets and liabilities may be overstated or **understated-17understated**, which may also affect depreciation expense on our **consolidated** statement of operations. In addition, should any of our allocations overstate our assets, we may be at risk of incurring an impairment charge. Volatility in the debt and equity markets may adversely affect our ability to acquire, renovate, refinance or sell our hotels. Volatility in the global financial markets may have a material adverse effect on our financial condition or results of operations. For example, the government's response to inflationary pressures in 2022 **and 2023** resulted in **extreme** price volatilities, along with dislocations and liquidity disruptions in the capital markets, **all of which exerted downward pressure on stock prices, widened credit spreads on debt financing and led to declines in the market values of U. S. and foreign stock exchanges.** Current and future dislocations in the debt markets may reduce the amount of capital that is available to finance real estate, which, in turn may limit our ability to finance the acquisition of hotels or the ability of purchasers to obtain financing for hotels that we wish to sell, either of which may have a material adverse impact on revenues, income and / or cash flow. We have historically used capital obtained from debt and equity markets, **including both secured mortgage debt and unsecured corporate debt**, to acquire, renovate and refinance hotel assets. If these markets become difficult to access as a result of low demand for debt or equity securities, higher capital costs and interest rates, a low value for capital securities (including our common or preferred stock) and more restrictive lending standards, our business could be adversely affected. In particular, rising interest rates could make it more difficult or expensive for us to obtain debt or equity capital in the future. Similar factors could also adversely affect the ability of others to obtain capital and therefore could make it more difficult for us to sell hotel assets. We may pursue joint venture investments that 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-venturer. We have co-invested, and may co-invest in the future, with third parties through partnerships, joint ventures or other entities, acquiring noncontrolling interests in or sharing responsibility for managing the affairs of a property, partnership, joint venture or other entity. Accordingly, we may not be in a position in the future to exercise sole decision-making authority regarding another 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 or fail to fund their share of required capital contributions. Partners or co-venturers may have economic or other business interests or goals which are inconsistent with our business interests or goals and may be in a position to take actions contrary to our policies or objectives. Such investments may also have the potential risk of impasses on decisions, such as a sale, because neither we nor the partner or co-venturer would have full control over the partnership or joint venture. Disputes between us and partners or co-venturers may result in litigation or arbitration that would increase our expenses and prevent our officers and / or trustees 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. We may be subject to unknown or contingent liabilities related to recently sold or acquired hotels, as well as hotels we may sell or acquire in the future. Our recently sold or acquired hotels, as well as hotels we may sell or acquire in the future, may be subject to unknown or contingent liabilities for which we may be liable to the buyers or for which we may have no recourse, or only limited recourse, against the sellers. In general, the representations and warranties provided under our transaction agreements related to the sale or purchase of a hotel may survive for a defined period of time after the completion of the transaction. Furthermore, indemnification under such agreements 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 not be obligated to reimburse buyers for their losses or that we will be able to recover any amounts with respect to losses due to breaches by sellers of their representations and warranties. In addition, the total amount of costs and expenses that may be incurred with respect to the unknown or contingent liabilities may exceed our expectations, and we may experience other unanticipated adverse effects, all of which could adversely affect our operating results and cash flows. ~~18~~**We** may seek to acquire a portfolio of hotels or a company, which could present more risks to our business and financial results than the acquisition of a single hotel. We have acquired in the past, and may acquire in the future, multiple hotels in single transactions. We may also seek to acquire companies that own hotels. Multiple hotel and company acquisitions, however, are generally more complex than single hotel acquisitions and, as a result, the risk that they will not be completed is greater. These acquisitions may also result in our owning hotels in new markets, which places additional demands on our ability to actively asset manage the hotels. In addition, we may be required by a seller to purchase a group of hotels as a portfolio, even though one or more of the hotels in the portfolio do not meet our investment criteria. In those events, we expect to attempt to sell the hotels that do not meet our investment criteria, but may not be able to do so on acceptable terms, or if successful, the sales may be recharacterized by the IRS as dealer sales and subject to a 100 % **18** "prohibited transactions" tax on any gain. These hotels may harm our operating results if they operate below our underwriting or if we sell them at a loss. Also, a portfolio of hotels may be more difficult to integrate with our existing hotels than a single hotel, may strain our management resources and may make it more difficult to find one or more management companies to operate the hotels. Any of these risks could harm our operating results. The sale of a hotel or portfolio of hotels is typically subject to contingencies, risks and uncertainties, any of which may cause us to be unsuccessful in completing the disposition. As part of our ongoing portfolio management strategy, on an opportunistic basis, we may selectively sell hotel properties that we believe no longer meet our ownership criteria, are unlikely to offer long-term returns in excess of our cost of capital, will achieve a sale price in excess of our internal valuation, or that have high risk relative to their anticipated returns. We may not be successful in completing the sale of a hotel or portfolio of hotels, which may negatively impact our business strategy. Hotel sales are typically subject to customary risks and uncertainties. In addition, there may be contingencies related to, among other items, seller financing, franchise agreements, ground leases and other agreements. As such, we can offer no assurances as to whether any closing conditions will be satisfied on a timely basis or at all, or whether the closing of a sale will fail to occur for these or any other reasons. The illiquidity of real estate investments and the lack of alternative uses of hotel properties could significantly limit our ability to respond to adverse changes in the performance of our hotels and harm our financial condition. Because commercial real estate investments are relatively illiquid, our ability to promptly sell one or more of our hotels in response to changing economic, financial and investment conditions is limited. The real estate market, including **the market for** our hotels, is affected by many factors, such as general economic conditions, availability of financing, interest rates and other factors, including supply and demand, that are beyond our control. We may not be able to sell any of our hotels on favorable terms. ~~It~~**If we elect to sell a hotel, it** may take a long time to find a willing purchaser and to close the sale of a hotel ~~if we want to sell~~. Should we decide to sell a hotel during the term of that hotel's management agreement, we may have to pay termination fees to the applicable management company, which payment could be substantial. In addition, hotels may not be readily converted to alternative uses if they were to become unprofitable due to competition, age of improvements, decreased demand or other factors. The conversion of a hotel to alternative uses would also generally require substantial capital expenditures and may give rise to substantial payments to our franchisors, management companies and lenders. We may be required to expend funds to correct defects or to make improvements before a hotel can be sold. We may not have funds available to correct those defects or to make those improvements and, as a result, our ability to sell the hotel would be restricted. In acquiring a hotel, we may agree to lock-out provisions that materially restrict us from selling that hotel for a period of time or impose other restrictions on us, such as a limitation on the amount of debt that can be placed or repaid on that hotel to address specific concerns of sellers. ~~These lock-out provisions would restrict our ability to sell a hotel. These~~ factors and any others that would impede our ability to respond to adverse changes in the performance of our hotels could harm our financial condition and results of operations. We

may issue or invest in hotel loans, including subordinated or mezzanine loans, which could involve greater risks of loss than senior loans secured by income-producing real properties. We have invested in hotel loans, and may invest in additional loans in the future, including mezzanine loans that take the form of subordinated loans secured by second mortgages on the underlying real property or loans secured by a pledge of the ownership interests of the entity owning the real property, the entity that owns the interest in the entity owning the real property or other assets. These types of investments involve a higher degree of risk than direct hotel investments because the investment may become unsecured as a result of foreclosure by the senior lender. In the event of a bankruptcy of the entity providing the pledge of its ownership interests as security, we may not have full recourse to the assets of such entity, or the assets of the entity may not be sufficient to satisfy our mezzanine loan. If a borrower defaults on our mezzanine loan or debt senior to our loan, or in the event of a borrower bankruptcy, our mezzanine loan will be satisfied only after the senior debt. As a result, we may not recover some or all of our investment. In addition, mezzanine loans may have higher loan-to-value ratios than conventional mortgage loans, resulting in less equity in the real property and increasing the risk of loss of principal. ~~191f~~ **If** we make or invest in mortgage loans with the intent of gaining ownership of the hotel secured by or pledged to the loan, our ability to perfect an ownership interest in the hotel is subject to the sponsor's willingness to forfeit the property in lieu of the debt. If we invest in a mortgage loan or note secured by the equity interest in a property with the intention of gaining ownership through the foreclosure process, the time it will take for us to perfect our interest in the property may depend on the sponsor's willingness to cooperate during the foreclosure process. The sponsor may elect to file bankruptcy which could materially impact our ability to perfect our interest in the property and could result in a loss on our investment in the debt or note. ~~One~~ **190** ~~One~~ of our hotels is subject to a ground lease with an unaffiliated party, the termination of which by the lessor for any reason, including due to our default on the lease, could cause us to lose the ability to operate the hotel altogether and may adversely affect our results of operations. Our rights to use the underlying land at the Hilton San Diego Bayfront is based upon our interest under a long-term lease with an unaffiliated party. Pursuant to the lease terms, the lease expires in 2071, and we are required to pay all rent due and comply with all other lessee obligations. Payments under the ground lease increase at regular intervals by the applicable Consumer Price Index. The lease requires a reassessment of the rent payments due after 2025, agreed upon by both us and the lessor. Any pledge of our interest in the ground lease requires the consent of the lessor. As a result, in the future, we may not be able to sell, assign, transfer or convey our lessee's interest in the hotel absent the lessor's consent even if the transaction may be in the best interest of our stockholders. The lessor may require us, at the expiration or termination of the remaining ground lease, to surrender or remove any improvements, alterations or additions to the land at our own expense. The lease also generally requires us to restore the premises following a casualty and to apply in a specified manner any proceeds received in connection therewith. We may have to restore the premises if a material casualty, such as a fire or an act of nature, occurs and the cost thereof may exceed available insurance proceeds. Because we are a REIT, we depend on third parties to operate our hotels, which could harm our results of operations. In order to qualify as a REIT, we cannot directly operate our hotels. Accordingly, we must enter into management or operating lease agreements (together, "management agreements") with eligible independent contractors to manage our hotels. Thus, independent management companies control the daily operations of our hotels. As of December 31, ~~2022~~ **2023**, our third-party managers consisted of Four Seasons, ~~Highgate~~, Hilton, Hyatt, IHR, Marriott, Montage, Sage and Singh. We depend on these independent management companies to operate our hotels as provided in the applicable management agreements. Thus, even if we believe a hotel is being operated inefficiently or in a manner that does not result in satisfactory ADR, occupancy rates or profitability, we may not necessarily have contractual rights to cause our independent management companies to change their method of operation at our hotels. We can only seek redress if a management company violates the terms of its applicable management agreement with us or fails to meet performance objectives set forth in the applicable management agreement, and then our remedies may be limited by the terms of the management agreement. A failure by our management companies to successfully manage our hotels could lead to an increase in our operating expenses or a decrease in our revenue, or both, which may affect the TRS Lessee's ability to pay us rent and would reduce the amount available for dividends on our common stock and our preferred stock. In addition, the management companies may operate other hotels that may compete with our hotels or divert attention away from the management of our hotels. While our management agreements typically provide for limited contractual penalties in the event that we terminate the applicable management agreement upon an event of default, such terminations could result in significant disruptions at the affected hotels. If we were to terminate any of these agreements and enter into new agreements with different hotel operators, we cannot assure you that any new management agreement would contain terms that are favorable to us, or that a new management company would be successful in managing our hotels. If any of the foregoing occurs at franchised hotels, our relationships with the franchisors may be damaged, and we may be in breach of one or more of our franchise or management agreements. We are subject to risks associated with our operator's employment of hotel personnel, which could increase our expenses or expose us to additional liabilities. Our 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 are still subject to many of the costs and risks generally associated with the hotel labor force. Increases in minimum wages, or changes in work rules, could negatively impact our operating results. Additionally, 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 third-party managers and their labor force or other events. The resolution of labor disputes or re-negotiated labor contracts could lead to increased ~~20~~ **labor** costs, a significant component of our costs, either by increases in wages or benefits or by changes in work rules that raise hotel operating costs. We generally do not have the ability to affect the outcome of these negotiations. ~~Most~~ **20** ~~Most~~ of our hotels operate under a brand owned by Marriott, Hilton, Hyatt, Four Seasons or Montage. Should any of these brands experience a negative event, or receive negative publicity, our operating results may be harmed. As of December 31, ~~2022~~ **2023**, all ~~but two~~ of our hotels ~~except~~ (the Boston Park Plaza and the Oceans Edge Resort & Marina)



are operated under the following widely recognized lodging industry brands: Marriott, Hilton, Hyatt, Four Seasons and Montage. As a result, a significant concentration of our success is dependent in part on the success of these companies and their respective brands. Consequently, if market recognition or the positive perception of any of these companies is reduced or compromised, the goodwill associated with their respective brands on our hotels may be adversely affected, which may have an adverse effect on our results of operations, as well as our ability to make distributions to our stockholders. Additionally, any negative perceptions or negative impact to operating results from any proposed or future consolidations between nationally recognized brands could have an adverse effect on our results of operations, as well as our ability to make distributions to our stockholders. Our franchisors and brand managers may adopt new policies or change existing policies, which could result in increased costs that could negatively impact our hotels. Our franchisors and brand managers incur certain costs that are allocated to our hotels subject to our franchise, management, or operating lease agreements. Those costs may increase over time or our franchisors and brand managers may elect to introduce new programs that could increase costs allocated to our hotels. In addition, certain policies, such as our third- party managers' frequent guest programs, may be altered resulting in reduced revenue or increased costs to our hotels. Future adverse litigation judgments or settlements resulting from legal proceedings could have an adverse effect on our financial condition. In the normal course of our business, we are involved in various legal proceedings, including those involving our third- party managers that relate to the management of our hotels. While we may agree to **pay or** share any legal costs with our third- party managers, any adverse legal judgments or settlements resulting in payment by us of a material sum of money may materially and adversely affect our financial condition and results of operations. Claims by persons regarding our properties could affect the attractiveness of our hotels or cause us to incur additional expenses. We could incur liabilities resulting from loss or injury to our hotels or to persons at our hotels. These losses could be attributable to us or result from actions taken by a hotel management company. If claims are made against a management company, it may seek to pass those expenses through to us. Claims such as these, regardless of their merit, could harm the reputation of a hotel, or cause us to incur expenses to the extent of insurance deductibles or losses in excess of policy limitations, which could harm our results of operations. We have in the past and could in the future incur liabilities resulting from claims by hotel employees. While these claims are, for the most part, covered by insurance, some claims (such as claims for unpaid overtime wages) generally are not insured or insurable. These claims, regardless of their merit, could harm the reputation of a hotel, or cause us to incur losses which could harm our results of operations. The hotel business is seasonal and seasonal variations in business volume at our hotels will cause quarterly fluctuations in our revenue **and operating results**. As is typical of the lodging industry, we experience some seasonality in our business. Revenue for certain of our hotels is generally affected by seasonal business patterns. We can provide no assurances that our cash flows will be sufficient to cover any shortfalls that occur as a result of these seasonal fluctuations. Seasonal **fluctuations variations** in revenue could adversely affect our business, financial conditions, results of operations and our ability to make distributions to our stockholders or to **fund service** our debt **service**. Changes in the debt and equity markets may adversely affect the value of our hotels. In general, the value of hotel real estate has an inverse correlation to the capital costs of hotel investors. If capital costs increase, real estate values may decrease. Capital costs are generally a function of the perceived risks associated with our assets, interest rates on debt and return expectations of equity investors. Interest rate volatility, including volatility due to the 2022 **and 2023** interest rate increases implemented by the Board of Governors of the Federal Reserve System (the "Federal Reserve"), could reduce our access to capital markets or increase the cost of funding our debt requirements. **Although there is some expectation that the Federal Reserve may begin to decrease interest rates in 2024, any future decisions to decrease, hold steady or increase interest rates and the timing of such decision is unknown**. If the income generated by our hotels does not increase by amounts sufficient to cover such higher capital costs, the market value of our hotel real estate may decline. In some cases, the value of our hotel real estate has previously declined, and may in the future decline, to levels below the principal amount of the debt securing such hotel real estate. <sup>21</sup>Certain of our hotels have in the past become impaired and additional hotels may become impaired in the future. We periodically review the fair value of each of our hotels for possible impairment. **For example, in the past, in 2021, we recorded a certain of our hotels were determined to be impaired. Such** impairment **may be** loss of \$ 2.7 million due to Hurricane Ida- related damage at the **result** Hilton New Orleans St. Charles. **In the past, some of our hotels have had indicators of impairment related to** deteriorating profitability, **physical damage**, or when a sold hotel' s fair value, less hotel sale costs, was lower than the hotel' s carrying value. In the future, additional hotels may become impaired, which may adversely affect our financial condition and results of operations. Laws and governmental regulations may restrict the ways in which we use our hotel properties and increase the cost of compliance with such regulations. Noncompliance with such regulations could subject us to penalties, loss of value of our properties or civil damages. Our hotel properties are subject to various federal, state and local laws relating to the environment, fire and safety and access and use by disabled persons. Under these laws, courts and government agencies have the authority to require us, if we are the owner of a contaminated property, to clean up the property, even if we did not know of or were not responsible for the contamination. These laws also apply to persons who owned a property at the time it became contaminated. In addition to the costs of cleanup, environmental contamination can affect the value of a property and, therefore, an owner' s ability to borrow funds using the property as collateral or to sell the property. Under such environmental laws, courts and government agencies also have the authority to require that a person who sent waste to a waste disposal facility, such as a landfill or an incinerator, pay for the clean- up of that facility if it becomes contaminated and threatens human health or the environment. Furthermore, various court decisions have established that third parties may recover damages for injury caused by property contamination. For instance, a person exposed to asbestos while staying in or working at a hotel may seek to recover damages for injuries suffered. Additionally, some of these environmental laws restrict the use of a property or place conditions on various activities. For example, some laws require a business using chemicals (such as swimming pool chemicals at our hotels) to manage them carefully and to notify local officials that the chemicals are being used. We could be responsible for the types of costs discussed above. The costs to clean up a contaminated property, to defend

against a claim, or to comply with environmental laws could be material and could reduce the funds available for distribution to our stockholders. Future laws or regulations may impose material environmental liabilities on us, or the current environmental condition of our hotel properties may be affected by the condition of the properties in the vicinity of our hotels (such as the presence of leaking underground storage tanks) or by third parties unrelated to us. Our hotel properties are also subject to the ADA. Under the ADA, all public accommodations must meet various federal requirements related to access and use by disabled persons. Compliance with the ADA's requirements could require removal of access barriers and non-compliance could result in the U. S. government imposing fines or in private litigants winning damages. If we are required to make substantial modifications to our hotels, whether to comply with the ADA or other changes in governmental rules and regulations, our financial condition, results of operations and the ability to make distributions to our stockholders could be harmed. In addition, we are required to operate our hotel properties in compliance with fire and safety regulations, building codes and other land use regulations, as they may be adopted by governmental agencies and become applicable to our properties. Corporate responsibility, specifically related to ESG factors and commitments, may impose additional costs and expose us to new risks that could adversely affect our results of operations, financial condition and cash flows. We **incorporate** are committed to ensuring ESG initiatives **into** are part of our operating and investment strategies. Some investors may use ESG factors when making their investment decisions, and potential and current employees, business partners and vendors may consider these factors when considering relationships with us. In addition, potential hotel guests may consider ESG factors when deciding whether to stay at our hotels. Certain organizations that provide corporate governance and other corporate risk information to investors and stockholders have developed scores and ratings to evaluate companies based upon ESG or "sustainability" metrics. The importance of sustainability evaluations is becoming more broadly accepted by investors and stockholders. Investors **may**; particularly institutional investors, use these scores to benchmark companies against their peers and if a company is perceived as a basis to lagging, these investors may engage with said company **companies** to require improved ESG disclosure or performance. We may face reputational damage or additional costs in the event our corporate responsibility procedures or standards do not meet the standards set by various constituencies. In addition, the criteria by which companies are rated may change, which could cause us to receive lower scores than in previous years. A low sustainability score could result in a negative perception of the Company, or exclusion of our common stock from consideration by certain investors **who may elect to invest with our peers instead**, or potential guests may choose to stay at **competitor** **other** hotels. We could also incur additional costs and devote additional resources to monitor, report and implement various ESG practices. In addition, as part of our corporate responsibility, we have adopted certain ESG goals, including greenhouse gas emissions reduction targets and other sustainability initiatives. If we cannot **not** meet these goals fully or on time, our reputation may be damaged. <sup>22</sup>Our franchisors and brand managers may require us to make capital expenditures pursuant to property improvement plans ("PIPs") or to comply with brand standards, and the failure to make the required expenditures could cause the franchisors or hotel brands to terminate the franchise, management or operating lease agreements. Our franchisors and brand managers may require that we make renovations to certain of our hotels in connection with revisions to our franchise, management or operating lease agreements. In addition, upon regular inspection of our hotels, our franchisors and hotel brands may determine that additional renovations are required to bring the physical condition of our hotels into compliance with the specifications and standards each franchisor or hotel brand has developed. In connection with the acquisitions of hotels, franchisors and hotel brands may also require PIPs, which set forth their renovation requirements. If we do not satisfy the PIP renovation requirements, the franchisor or hotel brand may have the right to terminate the applicable agreement. In addition, in the event that we are in default under any franchise agreement as a result of our failure to comply with the PIP requirements, in general, we will be required to pay the franchisor liquidated damages. **The renovation work and the cost of such expenditures required pursuant to PIPs or to comply with brand standards may negatively impact our results of operations while the work is performed and may not result in a positive economic return on the investment.** Because all but **two** **one** of our hotels are operated under franchise agreements or are brand managed, termination of these franchise, management or operating lease agreements could cause us to lose business at our hotels or lead to a default or acceleration of our obligations under certain of our debt instruments. As of December 31, **2022** **2023**, all of our hotels except ~~the Boston Park Plaza and~~ the Oceans Edge Resort & Marina were operated under franchise, management or operating lease agreements with the following franchisors or hotel management companies: Marriott, Hilton, Hyatt, Four Seasons, and Montage. In general, under these arrangements, the franchisor or brand manager provides marketing services and room reservations and certain other operating assistance but requires us to pay significant fees to it and to maintain the hotel in a required condition. If we fail to maintain these required standards, then the franchisor or hotel brand may terminate its agreement with us and obtain damages for any liability we may have caused. Moreover, from time to time, we may receive notices from franchisors or the hotel brands regarding our alleged non-compliance with the franchise agreements or brand standards, and we may disagree with these claims that we are not in compliance. Any disputes arising under these agreements could also lead to a termination of a franchise, management or operating lease agreement and a payment of liquidated damages. Such a termination may trigger a default or acceleration of our obligations under some of our debt instruments. In addition, as our franchise, management or operating lease agreements expire, we may not be able to renew them on favorable terms or at all. If we were to lose a franchise or hotel brand for a particular hotel, it could harm the operation, financing or value of that hotel due to the loss of the franchise or hotel brand name, marketing support and centralized reservation system. Any loss of revenue at a hotel could harm the ability of the TRS Lessee, to whom we have leased our hotels, to pay rent to the Operating Partnership and could harm our ability to pay dividends on our common stock or preferred stock. The growth of alternative reservation channels could adversely affect our business and profitability. A significant percentage of hotel rooms for individual guests is booked through internet travel intermediaries. Many of our managers and franchisors contract with such intermediaries and pay them various commissions and transaction fees for sales of our rooms through their systems. If such bookings increase, these intermediaries may be able to obtain higher commissions, reduced room rates or other

significant concessions from us or our franchisees. Although our managers and franchisors may have established agreements with many of these intermediaries that limit transaction fees for hotels, there can be no assurance that our managers and franchisors will be able to renegotiate such agreements upon their expiration with terms as favorable as the provisions that exist today. Moreover, hospitality intermediaries generally employ aggressive marketing strategies, including expending significant resources for ~~online and television~~ advertising campaigns to drive consumers to their websites. As a result, consumers may develop brand loyalties to the intermediaries' offered brands, websites and reservations systems rather than to the brands of our managers and franchisors. If this happens, our business and profitability may be significantly negatively impacted. In addition, in general, internet travel intermediaries have traditionally competed to attract individual consumers or "transient" business rather than group and convention business. However, some hospitality intermediaries have grown their business to include marketing to large group and convention business. If that growth continues, it could both divert group and convention business away from our hotels, and it could also increase our cost of sales for group and convention business. In an effort to lure business away from internet travel intermediaries and to drive business on their own websites, our managers and franchisors may discount the room rates available on their websites even further, which may also significantly impact our business and profitability.

**23** The failure of tenants in our hotels to make rent payments ~~under~~ **or otherwise comply with the material terms of** our retail and restaurant leases may adversely affect our results of operations. A portion of the space in many of our hotels is leased to third-party tenants for retail or restaurant purposes. At times, we hold security deposits in connection with each lease, which may be applied in the event that a tenant under a lease fails or is unable to make its rent payments. Should a tenant continually fail to make rent payments, we may be able to apply the tenant's security deposit to recover a portion of the rents due; however, we may not be able to recover all rents due to us, **and the tenant may fail to comply with other material terms of the lease, all of** which ~~may harm our operating results~~. During 2022, 2021 and 2020, we entered into several rent abatement and rent deferral agreements with tenants at our hotels who were negatively affected by the temporary suspensions and reduced operations at our hotels due to the COVID-19 pandemic. ~~If these tenants are unable to make their rent payments once their respective abatement and deferral periods have ended, it may harm our operating results~~. Additionally, the time and cost associated with re-leasing our retail space could negatively impact our operating results. We rely on our corporate and hotel senior management teams, the loss of whom may cause us to incur costs and harm our business. Our continued success will depend to a significant extent on the efforts and abilities of our corporate and hotel senior management teams. These individuals are important to our business and strategy and to the extent that any of them departs, we could incur severance or other costs. The loss of any of our executives could also disrupt our business and cause us to incur additional costs to hire replacement personnel.

**We could be harmed by inadvertent errors, misconduct or fraud that is difficult to detect. Our employees and the employees of our third-party managers and any contractors we use may make inadvertent errors or fall prey to social engineering attacks or other fraud schemes that could subject us to financial losses or claims against us. These types of errors could include, but are not limited to, mistakes in executing, recording, or reporting transactions or mistakes related to settling payment or funding obligations, including with respect to wire transfers. Although we have policies and procedures in place that seek to mitigate these risks, including risks related to wire transfers, we have experienced fraudulent and erroneous activity in our business operations and have incurred financial losses related to such activity, which was substantially mitigated by recoveries under insurance policies. This type of misconduct can be difficult to detect and if not prevented or detected could result in financial losses or claims against us. Our controls may not be effective in preventing or detecting this type of activity**. If we fail to maintain effective internal control over financial reporting and disclosure controls and procedures, we may not be able to accurately report our financial results **or identify and prevent fraud**. If our internal control over financial reporting and disclosure controls and procedures are not effective, we may not be able to provide reliable financial information **or identify and prevent fraud**. If we discover deficiencies in our internal controls, we will make efforts to remediate these deficiencies; however, there is no assurance that we will be successful either in identifying deficiencies or in their remediation. Any failure to maintain effective controls in the future could adversely affect our business or cause us to fail to meet our reporting obligations. Such non-compliance could also result in an adverse reaction in the financial marketplace due to a loss of investor confidence in the reliability of our financial statements. In addition, perceptions of our business among customers, suppliers, rating agencies, lenders, investors, securities analysts and others could be adversely affected.

**Risks Related to Our Debt and Financing** As of December 31, ~~2022~~ **2023**, we had approximately \$ ~~816~~ **819**. 1 million of outstanding debt, and carrying such debt may restrict our financial flexibility or harm our business and financial results by imposing requirements on our business. Of our total \$ ~~816~~ **819**. 1 million debt outstanding as of December 31, ~~2022~~ **2023**, approximately \$ ~~532~~ **817**. 1 million matures over the next five years (\$ ~~220~~ **72.1 million in 2024, zero in 2025, \$ 290**. 0 million in ~~2023~~ **2026**, \$ ~~175~~ **72.1 million in 2024, zero in 2025, \$ 65**. 0 million in ~~2026~~ **2027** and \$ ~~175~~ **280**. 0 million in ~~2027~~ **2028**). The \$ ~~532~~ **817**. 1 million in debt maturities due over the next five years does not include scheduled amortization payments of \$ ~~2.1 million~~ and \$ ~~2.0 million~~ in ~~2023~~ and ~~2024~~, respectively. We have no scheduled amortization payments currently due in 2025, ~~through 2026~~ **2028** and ~~2027~~; however, this may be subject to change if we refinance our existing debt or incur additional debt. Carrying our outstanding debt may adversely impact our business and financial results by:

- requiring us to use a substantial portion of our funds from operations to make required payments on principal and interest, which will reduce the amount of cash available to us for our operations and capital expenditures, future business opportunities and other purposes, including distributions to our stockholders;
- making us more vulnerable to economic and industry downturns and reducing our flexibility in responding to changing business and economic conditions;
- limiting our ability to undertake refinancings of debt or borrow more money for operations or capital expenditures or to finance acquisitions; ~~and~~ **and**
- 24** • compelling us to sell ~~hotels or deed back properties~~, possibly on disadvantageous terms, in order to make required payments of interest and principal, **or deed back hotels as an alternate means of satisfying our obligations to our lenders**.

We also may incur additional debt in connection with future acquisitions of real estate, which may include loans secured by

some or all of the hotels we acquire or our existing hotels. In addition to our outstanding debt, at December 31, 2022-2023, we had \$ 0.2 million in outstanding letters of credit. ~~24~~**We are subject to Our debt agreements contain** various financial covenants, ~~on our unsecured and~~ **should** secured debt. If we were to default on our debt in the future, we may be required to **pay additional fees, provide additional security,** repay the debt or **forfeit the hotel** we may lose our property securing the debt, all of which would negatively affect our financial conditions and results of operations. **Defaulting on existing debt may limit our ability to access additional debt financing in the future.** We are subject to various financial covenants on our unsecured and secured debt. Failure to **satisfy certain** meet any financial covenants on our unsecured debt without receiving a covenant waiver **from our lenders** would adversely affect our financial conditions and results from operations and may raise doubt about our ability to continue as a going concern. Additionally, defaulting on indebtedness may damage our reputation as a borrower, and may limit our ability to secure financing in the future. As of December 31, 2022-2023, our secured debt consists of a \$ ~~74~~ **220.0 million loan secured by the Hilton San Diego Bayfront and a \$ 76.1 million loan secured by the JW Marriott New Orleans.** Using our properties as collateral increases our risk of property losses because defaults on indebtedness secured by properties may result in foreclosure actions initiated by lenders and ultimately our loss of the property that secures any loan under which we are in default. For tax purposes, a foreclosure on any of our properties would be treated as a sale of the property. If the outstanding balance of the debt secured by the mortgage exceeds our tax basis in the property, we would recognize taxable income on foreclosure but would not necessarily receive any cash proceeds. As a result, we may be required to identify and utilize other sources of cash or employ a partial cash and partial stock dividend to satisfy our taxable income distribution requirements as a REIT. ~~Financial covenants~~ **Covenants** in our debt instruments may restrict our operating or, acquisition or **disposition** activities. Our existing debt agreements and other potential financings that we may incur or assume in the future may contain restrictions, requirements and other limitations on our ability to incur additional debt and make distributions to our stockholders, as well as financial covenants relating to the performance of our hotel properties. Our ability to borrow under these agreements is subject to compliance with these financial and other covenants. If we are unable to engage in activities that we believe would benefit our business or our hotel properties, or we are unable to incur debt to pursue those activities, our growth may be limited. Obtaining consents or waivers from compliance with these covenants may not be possible, or if possible, may cause us to incur additional costs or result in additional limitations. Our ~~existing mortgage~~ debt agreements contain “ cash trap ” **and restricted payment** provisions that, **in certain circumstances,** could limit our ability to use funds generated by our hotels for other corporate purposes or to make distributions to our stockholders. Our mortgage debt ~~agreements~~ **agreement contain** ~~contains a~~ cash trap provisions- **provision** that may be triggered if the performance of the ~~hotels~~ **hotel** securing the ~~loans~~ **loan declines**. If these ~~this~~ provisions- **provision** are ~~is~~ triggered, substantially all of the profit generated by the secured hotel would be deposited **with directly into lockbox accounts and then** ~~the lender as additional security~~ swept into ~~cash management accounts for the benefit of~~ **loan until** the lender ~~hotel performance satisfies certain debt service coverage criteria~~. These ~~This~~ provisions- **provision** were ~~was~~ triggered for the ~~loans~~ **loan** secured by the JW Marriott New Orleans in January 2021 and the Hilton San Diego Bayfront in May 2021. In **October** 2022, both the ~~loans~~ **loan** reached a debt service coverage ~~levels~~ **level** that allowed them ~~it~~ to exit their cash traps: the Hilton San Diego Bayfront loan in April 2022, and the JW Marriott New Orleans loan in October 2022. Should the cash trap **. Should the cash trap** provisions- **provision** be triggered in the future, our ability to use funds for corporate purposes or to make distributions to our stockholders may again become limited. **In addition, our unsecured debt agreements contain restricted payment provisions that in the event of a default, would limit our ability to make distributions to our stockholders.** Certain of our debt is subject to variable interest rates, which ~~can create~~ **creates** uncertainty in forecasting our ~~the amount of~~ interest expense **we will incur in the future** and may negatively impact our operating results. During 2022 **and 2023**, the Federal Reserve implemented its policy to address inflation by significantly raising its benchmark federal funds rate which has led to increased interest rates in the credit markets. The Federal Reserve may continue to raise the federal funds rate which will likely lead to higher interest rates in the credit markets. Such increases would adversely impact us due to our outstanding variable rate debt as well as result in higher interest rates on any new fixed rate debt. We have entered into interest rate ~~eaps and swaps~~ **swap agreements** to limit our exposure to interest rate fluctuations related to a portion of our variable rate debt. However, in an increasing interest rate environment, the fixed rates we can obtain with such ~~interest~~ replacement fixed rate ~~eap and~~ swap agreements or the fixed rate on new debt will also continue to increase. In addition, current volatility in the financial markets could affect our ability to access the capital markets at a time when we desire or need to, which could have an impact on our flexibility to pursue acquisition opportunities. ~~25~~**We need to** We anticipate that we will refinance our indebtedness from time to time ~~to repay our debt~~, and our inability to refinance on favorable terms, or at all, could impact our ~~operating results~~ **financial condition**. Because we anticipate that our internally generated cash will be adequate to repay only a portion of our indebtedness prior to maturity, we expect that we will be required to repay **or refinance** debt from time to time **using proceeds from** through refinancings of our indebtedness and /or offerings of **common** equity, preferred equity or **from incurring additional** debt. The amount of our existing indebtedness may impede our ability to repay our debt through refinancings. If we are unable to refinance our indebtedness with ~~property~~ secured debt or ~~corporate~~ **unsecured** debt on acceptable terms, or at all, and are unable to negotiate an extension with the lender, we may be in default or forced to sell one or more of our properties on potentially disadvantageous terms, which might increase our borrowing costs, result in losses to us and reduce the amount of cash available to us for distributions to our stockholders. If prevailing interest rates or other factors at the time of any refinancing result in ~~25~~ **higher** ~~higher~~ interest rates on new debt, our interest expense ~~would~~ **could** increase, and potential proceeds we would be able to secure from future debt refinancings may decrease, which ~~would~~ **could** harm our **financial condition and** operating results. Our organizational documents contain no limitations on the amount of debt we ~~may~~ **can** incur, so we may become too highly leveraged. Our organizational documents do not limit the amount of indebtedness that we may incur. If we were to increase the level of our borrowings, then the resulting increase in cash flow that must be used for debt service would reduce cash available for capital investments or external growth,

and could harm our ability to make payments on our outstanding indebtedness and our financial condition. Risks Related to Our Status as a REIT If we fail to qualify as a REIT, our distributions will not be deductible by us and our income will be subject to federal and state taxation. We are organized as a REIT under the Code, which affords us material tax advantages. The requirements for qualifying as a REIT, however, are complex. If we fail to meet these requirements and certain relief provisions do not apply, our distributions will not be deductible by us and we will have to pay a corporate federal and state level tax on our income. This would substantially reduce our cash available to pay distributions and the yield on your investment in our common stock. In addition, such a tax liability might cause us to borrow funds, liquidate some of our investments or take other steps which could negatively affect our results of operations. Moreover, if our REIT status is terminated because of our failure to meet a technical REIT requirement, we would generally be disqualified from electing treatment as a REIT for the four taxable years following the year in which REIT status is lost. At any time, new laws, interpretations or court decisions may change the federal tax laws or the federal income tax consequences of our qualification as a REIT. Moreover, 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. Even as a REIT, we may become subject to federal, state or local taxes on our income or property. Even as a REIT, we may become subject to federal income taxes and related state taxes. For example, if we have net income from a “prohibited transaction,” that income will be subject to a 100 % tax. A “prohibited transaction” is, in general, the sale or other disposition of inventory or property, other than foreclosure property, held primarily for sale to customers in the ordinary course of business. To qualify as a REIT, we generally must distribute to our stockholders at least 90 % of our REIT taxable income each year, determined without regard to the dividends paid deduction and excluding net capital gains, and we will be subject to regular corporate income tax to the extent that we distribute less than 100 % of our REIT taxable income (determined without regard to the deduction for dividends paid) each year. In addition, we will be subject to a 4 % nondeductible excise tax on the amount, if any, by which distributions paid by us in any calendar year are less than the sum of 85 % of our ordinary income, 95 % of our capital gain net income and 100 % of our undistributed income from prior years. We may not be able to make sufficient distributions to avoid paying income tax or excise taxes applicable to REITs. We may also decide to retain income we earn from the sale or other disposition of our property and pay federal income tax directly on that income. In that event, our stockholders would be treated as if they earned that income and paid the tax on it directly. However, stockholders that are tax- exempt, such as charities or qualified pension plans, would have no benefit from their deemed payment of that tax liability. The TRS Lessee is subject to tax as a regular corporation. In addition, we may also be subject to state and local taxes on our income or property at the level of the Operating Partnership or at the level of the other companies through which we indirectly own our assets. In the normal course of business, entities through which we own or operate real estate either have undergone, or may undergo future tax audits. Should we receive a material tax deficiency notice in the future which requires us to incur additional expense, our earnings may be negatively impacted. There can be no assurance that future audits will not occur with increased frequency~~frequency~~26frequency or that the ultimate result of such audits will not have a material adverse effect on our results of operations. We cannot assure you that we will be able to continue to satisfy the REIT requirements, or that it will be in our best interests to continue to do so. Dividends payable by REITs generally do not qualify for the reduced tax rates available for some dividends. The maximum tax rate applicable to “qualified dividend income” payable to U. S. stockholders that are individuals, trusts and estates is 20 %. Dividends payable by REITs, however, generally are not eligible for these reduced rates. Under the Tax Cuts and Jobs Act of 2017 (the “TCJA”), however, U. S. stockholders that are individuals, trusts and estates generally may deduct up to 20 % of the ordinary dividends (e. g., dividends not designated as capital gain dividends or qualified dividend income) received from a REIT for taxable years beginning after December 31, 2017 and before January 1, 2026. Although this deduction reduces the effective tax rate applicable to certain dividends paid by REITs (generally to 29. 6 % assuming the shareholder is subject to the 37 % maximum rate), such tax rate is still higher than the tax rate applicable to corporate dividends that constitute qualified dividend income. Accordingly, investors who are individuals, trusts and estates may 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. 26ff If the leases between our hotels and the TRS Lessee are not respected as true leases for federal income tax purposes, we would fail to qualify as a REIT. To qualify as a REIT, we must satisfy two gross income tests annually, under which specified percentages of our gross income must be passive income. Passive income includes rent paid pursuant to our operating leases between the TRS Lessee and its subsidiaries and the Operating Partnership. These rents constitute substantially all of our gross income. For the rent to qualify for purposes of the gross income tests, the leases must be respected as true leases for federal income tax purposes and not be treated as service contracts, joint ventures or some other type of arrangement. If the leases are not respected as true leases for federal income tax purposes, we would fail to qualify as a REIT. We may be subject to taxes in the event our operating leases are not held to be on an arm’ s- length basis. In the event that leases between us and the TRS Lessee are not held to have been made on an arm’ s- length basis, we or the TRS Lessee could be subject to income taxes. In order for rents paid to us by the TRS Lessee to qualify as “rents from real property,” such rents may not be based on net income or profits. Our leases provide for a base rent plus a variable rent based on occupied rooms and departmental revenues rather than on net income or profits. If the IRS determines that the rents charged under our leases with the TRS Lessee are excessive, the deductibility thereof may be challenged, and to the extent rents exceed an arm’ s- length amount, we could be subject to a 100 % excise tax on “re-determined rent” or “re- determined deductions.” While we believe that our rents and other transactions with the TRS Lessee are based on arm’ s- length amounts and reflect normal business practices, there can be no assurance that the IRS would agree. The TRS Lessee is subject to special rules that may result in increased taxes. Several Code provisions ensure that a TRS is subject to an appropriate level of federal income taxation. For example, the REIT has to pay a 100 % penalty tax on some payments that it receives if the economic arrangements between us and the TRS Lessee are not comparable to similar arrangements between unrelated parties. The IRS may successfully assert that the economic arrangements of any of our

intercompany transactions, including the hotel leases, are not comparable to similar arrangements between unrelated parties. Because we are a REIT, we depend on the TRS Lessee and its subsidiaries to make rent payments to us, and their inability to do so could harm our revenue and our ability to make distributions to our stockholders. Due to certain federal income tax restrictions on hotel REITs, we cannot directly operate our hotel properties. Therefore, we lease our hotel properties to the TRS Lessee or one of its subsidiaries, which contracts with third-party hotel managers to manage our hotels. Our revenue and our ability to make distributions to our stockholders will depend solely upon the ability of the TRS Lessee and its subsidiaries to make rent payments under these leases. In general, under the leases with the TRS Lessee and its subsidiaries, we will receive from the TRS Lessee or its subsidiaries both fixed rent and variable rent based upon a percentage of gross revenues and the number of occupied rooms. As a result, we participate in the operations of our hotels only through our share of rent paid pursuant to the leases. The ability of the TRS Lessee and its subsidiaries to pay rent may be affected by factors beyond its control, such as changes in general economic conditions, the level of demand for hotels and the related services of our hotels, competition in the lodging and hospitality industry, the ability to maintain and increase gross revenue at our hotels and other factors relating to the operations of our hotels. **Although** failure on the part of the TRS Lessee or its subsidiaries to materially comply with the terms of a lease (including failure to pay rent when due) would give us the right to terminate the lease, repossess the hotel and enforce the payment obligations under the lease, such steps may not provide us with any substantive relief since the TRS Lessee is our subsidiary. If we were to terminate a lease, we would then be required to find another lessee to lease the hotel or enter into a new lease with the TRS Lessee or its subsidiaries because we cannot operate hotel properties directly and remain qualified as a REIT. We cannot assure you that we would be able to find another lessee or that, if another lessee were found, we would be able to enter into a new lease on similar terms. We may be required to pay a penalty tax upon the sale of a hotel. The federal income tax provisions applicable to REITs provide that any gain realized by a REIT on the sale of property held as inventory or other property held primarily for sale to customers in the ordinary course of business is treated as income from a “prohibited transaction” that is subject to a 100% penalty tax. Under current law, unless a sale of real property qualifies for a safe harbor, the question of whether the sale of a hotel (or other property) constitutes the sale of property held primarily for sale to customers is generally a question of the facts and circumstances regarding a particular transaction. We may make sales that do not satisfy the requirements of the safe harbors or the IRS may successfully assert that one or more of our sales are prohibited transactions and, therefore, we may be required to pay a penalty tax. **We** may be subject to corporate level income tax on certain built-in gains. We may acquire properties in the future from C corporations, in which we must adopt the C corporation’s tax basis in the acquired asset as our tax basis. If the asset’s fair market value at the time of the acquisition exceeds its tax basis (a “built-in gain”), and we sell that asset within five years of the date on which we acquire it, then we generally will have to pay tax on the built-in gain at the regular U. S. federal corporate income tax rate. If a transaction intended to qualify as a Section 1031 Exchange is later determined to be taxable, we may face adverse consequences, and if the laws applicable to such transactions are amended or repealed, we may not be able to dispose of properties on a tax deferred basis. From time to time we may dispose of properties in transactions that are intended to qualify as tax deferred exchanges under Section 1031 of the Code (a “Section 1031 Exchange”). If the qualification of a disposition as a valid Section 1031 Exchange is successfully challenged by the IRS, the disposition may be treated as a taxable exchange. In such case, our taxable income and earnings and profits would increase as would the amount of distributions we are required to make to satisfy the REIT distribution requirements. As a result, we may be required to make additional distributions or, in lieu of that, pay additional corporate income tax, including interest and penalties. To satisfy these obligations, we may be required to borrow funds. In addition, the payment of taxes could cause us to have less cash available to distribute to our stockholders. Moreover, **it is possible that** legislation **has been and** could **continue to** be enacted that could modify or repeal the laws with respect to Section 1031 Exchanges, which could make it more difficult, or not possible, for us to dispose of properties on a tax deferred basis. Legislative or other actions affecting REITs could have a negative effect on us. The rules dealing with federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U. S. Department of the Treasury (the “Treasury Department”). Changes to the tax laws, with or without retroactive application, could adversely affect our investors or us. We cannot predict how changes in the tax laws might affect our investors or us. New legislation, Treasury Regulations, administrative interpretations, or court decisions could significantly and negatively affect our ability to qualify as a REIT or the federal income tax consequences of such qualification, or the federal income tax consequences of an investment in us. Also, the law relating to the tax treatment of other entities, or an investment in other entities, could change, making an investment in such other entities more attractive relative to an investment in a REIT. The TCJA significantly changed the U. S. federal income taxation of U. S. businesses and their owners, including REITs and their stockholders. The TCJA remains unclear in many respects and could be subject to potential amendments and technical corrections, as well as interpretations and implementing regulations by the Treasury Department and IRS, any of which could lessen or increase the impact of the legislation. In addition, it remains unclear how these U. S. federal income tax changes will affect state and local taxation, which often uses federal taxable income as a starting point for computing state and local tax liabilities. While some of the changes made by the TCJA may adversely affect the Company in one or more reporting periods and prospectively, other changes may be beneficial on a going forward basis. **Risks** **28Risks** Related to Our Common Stock and Corporate Structure The market price of our equity securities may vary substantially. The trading prices of equity securities issued by REITs may be affected by changes in market interest rates and other factors. During **2022-2023**, our closing daily common stock price fluctuated from a low of \$ **9-8**, **42-67** to a high of \$ **12-11**, **68-26**. One of the factors that may influence the price of our common stock or preferred stock in public trading markets is the annual yield from distributions on our common stock or preferred stock, if any, as compared to yields on other financial instruments. An increase in market interest rates, or a decrease in our distributions to stockholders, may lead prospective purchasers of our stock to demand a higher annual yield, which could reduce the market price of our equity securities. In addition, other factors that could affect the market price of our equity

securities include the following: • the continuing impact of the COVID-19 pandemic on our hotel operations and future earnings; • inflation causing our hotel expenses to increase at higher rates than our hotel revenue; • a U. S. recession impacting the market for common equity generally; • actual or anticipated variations in our quarterly or annual results of operations; • changes in market valuations or investment return requirements of companies in the hotel or real estate industries; • changes in expectations of our future financial performance, changes in our estimates by securities analysts or failures to achieve those expectations or estimates; • the trading volumes of our stock; 28 • additional issuances or repurchases of our common stock or other securities, including the issuance or repurchase of our preferred stock; • the addition or departure of board members or senior management; • disputes with any of our lenders or managers or franchisors; and • announcements by us, our competitors or other industry participants of acquisitions, investments or strategic alliances. Distributions to our common stockholders may vary. **Due We reinstated our common stock quarterly dividend in the third quarter of 2022, after its suspension in 2020 to preserve liquidity during the COVID- 19 pandemic ,we suspended our common stock quarterly dividend beginning with the second quarter of 2020 to preserve liquidity. As hotel demand improved during 2021 and 2022, we reinstated our common stock quarterly dividend in the third quarter of 2022.** Any future common stock dividends will be determined by our board of directors after considering our obligations under our various financing agreements, projected taxable income, compliance with our debt covenants, long- term operating projections, expected capital requirements and risks affecting our business. Furthermore, our board of directors may elect to pay dividends on our common stock by any means allowed under the Code, including a combination of cash and shares of our common stock. We cannot assure you as to the timing or amount of future dividends on our common stock. During the past three years, we paid quarterly cash dividends on our common stock as follows:

2020	2021	2022	2023	2023 January	2024 January
\$ 0. 05-00	\$ 0. 00	\$ 0. 00-05	\$ 0. 00	\$ 0. 00-05	\$ 0. 00-05
July	October	April	April	April	April
\$ 0. 00	\$ 0. 00	\$ 0. 05	\$ 0. 05	\$ 0. 05	\$ 0. 05

Distributions on our common stock may be made in the form of cash, stock, or a combination of both. As a REIT, we are required to distribute at least 90 % of our REIT taxable income to our stockholders. Typically, we generate cash for distributions through our operations, the disposition of assets or the incurrence of additional debt. We have elected in the past, and may elect in the future, to pay dividends on our common stock in cash, shares of common stock or a combination of cash and shares of common stock. Changes in our dividend policy could adversely affect the price of our stock. The IRS may disallow our use of stock dividends to satisfy our distribution requirements. We may elect to satisfy our REIT distribution requirements in the form of shares of our common stock along with cash. We have previously received private letter rulings from the IRS regarding the treatment of these distributions for purposes of satisfying our REIT distribution requirements. Since then, the IRS issued Revenue Procedure 2017-45, allowing REITs to limit the cash component of their dividends to not less than 20 % if certain procedures are followed. More recently, the IRS issued Revenue Procedure 2021- 53, temporarily reducing the cash component of a REIT’ s dividends to not less than 10 %. However, we have no assurance 29 assurance that the IRS will continue to provide such relief in the future; in which case, we may make cash / common stock distributions prior to receiving a private letter ruling. Should the IRS disallow our future use of cash / common stock dividends, the distribution would not qualify for purposes of meeting our distribution requirements, and we would need to make additional all cash distributions to satisfy the distribution requirement through the use of the deficiency dividend procedures outlined in the Code. Shares of our common stock that are or become available for sale could affect the share stock price. We have in the past, and may in the future, issue additional shares of common stock to raise the capital necessary to finance hotel acquisitions, fund capital expenditures, redeem our preferred stock, repay indebtedness or for other corporate purposes. Sales of a substantial number of shares of our common stock, or the perception that sales could occur, could adversely affect prevailing market prices for our common stock. In addition, we have reserved 3. 75 million shares of our common stock for issuance under the Company’ s 2022 Incentive Award Plan, and 3-2 , 731-581 , 491-199 shares remained available for future issuance as of December 31, 2022-2023 . Our earnings and cash distributions may affect the market price of our common stock. We believe that the market value of a REIT’ s equity securities is based primarily on the value of the REIT’ s owned real estate, capital structure, debt levels and perception of the REIT’ s growth potential and its current and potential future cash distributions, whether from operations, sales, acquisitions, development or refinancings. Because our market value is based on a combination of factors, shares of our common stock may trade at prices that are higher or lower than the value per share of our underlying net assets. To the extent we retain operating cash flow for investment purposes, working capital reserves or other purposes rather than distributing the cash flow to stockholders, these retained funds, while increasing the value of our underlying assets, may negatively impact the market price of our common stock. Our failure to meet our expectations or the market’ s expectation with regard to future earnings and cash distributions would likely adversely affect the market price of our common stock. **Our stock repurchase program may not enhance long- term stockholder value, could cause volatility in the price of our common and preferred stock and could diminish our cash reserves. Our board of directors has authorized a stock repurchase program up to an aggregate amount of \$ 500 million of common and preferred stock. This authorization does not obligate us to repurchase any stock and the program may be limited, suspended, or discontinued at any time. The repurchasing of our stock pursuant to the program could affect our stock prices and increase volatility. The existence of our stock repurchase program could cause our stock price to be higher than it would be in the absence of such a program. Additionally, our stock repurchase program could diminish our cash reserves, which may impact our ability to fund future growth and to pursue other strategic opportunities. If we conduct repurchases, there can be no assurance that it will enhance stockholder value because the market price of our stock may decline below the levels at which the repurchases were completed.** 29 Provisions-- Provisions of Maryland law and our organizational documents may limit the ability of a third party to acquire control of the Company and may serve to limit our stock price. Provisions of Maryland law and our charter and bylaws could have the effect of discouraging, delaying or preventing transactions that involve an actual or threatened change in control of us, and may have the effect of entrenching our management and members of our board of directors, regardless of performance. These provisions include the following:

Aggregate Stock and Common Stock Ownership Limits. In order for us to qualify as a REIT, no more than 50 % of the value of outstanding shares of our stock may be owned, actually or constructively, by five or fewer individuals at any time during the last half of each taxable year. To assure that we will not fail to qualify as a REIT under this test, subject to some exceptions, our charter prohibits any stockholder from owning beneficially or constructively more than 9.8 % (in number or value, whichever is more restrictive) of the outstanding shares of our common stock or more than 9.8 % of the value of the outstanding shares of our capital stock. Any attempt to own or transfer shares of our capital stock in excess of the ownership limit without the consent of our board of directors will be void and could result in the shares (and all dividends thereon) being automatically transferred to a charitable trust. The board of directors has granted waivers of the aggregate stock and common stock ownership limits to certain “look through entities” such as mutual or investment funds. This ownership limitation may prevent a third party from acquiring control of us if our board of directors does not grant an exemption from the ownership limitation, even if our stockholders believe the change in control is in their best interests. These restrictions will not apply if our board of directors determines that it no longer is in our best interests to continue to qualify as a REIT, or that compliance with the restrictions on transfer and ownership no longer is required for us to qualify as a REIT.

Authority to Issue Stock. Our charter authorizes our board of directors to cause us to issue up to 500,000,000 shares of common stock and up to 100,000,000 shares of preferred stock. Our charter authorizes our board of directors to amend our charter without stockholder approval to increase or decrease the aggregate number of shares of stock or the number of shares of any class or series of ~~our~~ **30our** stock that it has authority to issue, to classify or reclassify any unissued shares of our common stock or preferred stock and to set the preferences, rights and other terms of the classified or reclassified shares. Issuances of additional shares of stock may have the effect of delaying or preventing a change in control of our company, including change of control transactions offering a premium over the market price of shares of our common stock, even if our stockholders believe that a change of control is in their interest.

Number of Directors, Board Vacancies, Term of Office. Under our charter and bylaws, we have elected to be subject to certain provisions of Maryland law which vest in the board of directors the exclusive right to determine the number of directors and the exclusive right, by the affirmative vote of a majority of the remaining directors, to fill vacancies on the board even if the remaining directors do not constitute a quorum. Any director elected to fill a vacancy will hold office until the next annual meeting of stockholders, and until his or her successor is elected and qualifies. As a result, stockholder influence over these matters is limited. Notwithstanding the foregoing, we amended our corporate governance guidelines in 2017 to provide that the board shall be required to accept any resignation tendered by a nominee who is already serving as a director if such nominee shall have received more votes “against” or “withheld” than “for” his or her election at each of two consecutive annual meetings of stockholders for the election of directors at which a quorum was present and the number of director nominees equaled the number of directors to be elected at each such annual meeting of stockholders.

Limitation on Stockholder Requested Special Meetings. Our bylaws provide that our stockholders have the right to call a special meeting only upon the written request of the stockholders entitled to cast not less than a majority of all the votes entitled to be cast by the stockholders at such meeting. This provision makes it more difficult for stockholders to call special meetings.

Advance Notice Provisions for Stockholder Nominations and Proposals. Our bylaws require advance written notice for stockholders to nominate persons for election as directors at, or to bring other business before, any meeting of our stockholders. This bylaw provision limits the ability of our stockholders to make nominations of persons for election as directors or to introduce other proposals unless we are notified and provided certain required information in a timely manner prior to the meeting.

Authority of our Board to Amend our Bylaws. Our bylaws may be amended, altered, repealed or rescinded (a) by our board of directors or (b) by the stockholders, by the affirmative vote of a majority of all the votes entitled to be cast generally in the election of directors, except with respect to amendments to the provision of our bylaws regarding our opt out of the Maryland Business Combination and Control Share Acquisition Acts, which must be approved by the affirmative vote of a majority of votes cast by stockholders entitled to vote generally in the election of directors.

Duties of Directors. Maryland law requires that a director perform his or her duties as follows: in good faith; in a manner he or she reasonably believes to be in the best interests of the corporation; and with the care that an ordinary prudent person in a like position would use under similar circumstances. The duty of the directors of a Maryland corporation does not require them to: accept, recommend or respond on behalf of the corporation to any proposal by a person seeking to acquire control of the corporation; authorize the corporation to redeem any rights under, or modify or render inapplicable, a stockholders’ rights plan; elect on behalf of the corporation to be subject to or refrain from electing on behalf of the corporation to be subject to the unsolicited takeover provisions ~~30of~~ **30of** Maryland law; make a determination under the Maryland Business Combination Act or the Maryland Control Share Acquisition Act; or act or fail to act solely because of the effect the act or failure to act may have on an acquisition or potential acquisition of control of the corporation or the amount or type of consideration that may be offered or paid to the stockholders in an acquisition. Moreover, under Maryland law the act of the directors of a Maryland corporation relating to or affecting an acquisition or potential acquisition of control is not subject to any higher duty or greater scrutiny than is applied to any other act of a director. Maryland law also contains a statutory presumption that an act of a director of a Maryland corporation satisfies the applicable standards of conduct for directors under Maryland law. These provisions increase the ability of our directors to respond to a takeover and may make it more difficult for a third party to effect an unsolicited takeover.

Unsolicited Takeover Provisions. Provisions of Maryland law permit the board of a corporation with a class of equity securities registered under the Exchange Act and at least three independent directors, without stockholder approval, to implement possible takeover defenses, such as a classified board or a two-thirds vote requirement for removal of a director. These provisions, if implemented, may make it more difficult for a third party to effect a takeover. In April 2013, however, we amended our charter to prohibit us from dividing directors into classes unless such action is first approved by the affirmative vote of a majority of the votes cast on the matter by stockholders entitled to vote generally in the election of directors. ~~Our~~ **31Our** board of directors may change our significant corporate policies without the consent of our stockholders. Our board of directors determines our significant corporate policies, including those related to acquisitions,



financing, borrowing, qualification as a REIT and distributions to our stockholders. These policies may be amended or revised at any time at the discretion of our board of directors without the consent of our stockholders. Any policy changes could have an adverse effect on our financial condition, results of operations, the trading price of our common stock and our ability to make distributions to our common and preferred stockholders. Item 1B. Unresolved Staff Comments None. Item 2-1C. Properties

**Cybersecurity** The following table sets forth additional summary **Cybersecurity Risk Management and Strategy** Due to our structure as a REIT, the cybersecurity program, processes and strategy described in this section are limited to the corporate systems, information and service providers belonging to or supporting the REIT. In order to maintain REIT status, the Company does not operate or manage its hotels. We lease each of our hotels to the TRS Lessee or one of its subsidiaries, which engages with respect third- party eligible management companies to operate and manage all aspects of the properties; and those third- party managers, in turn, rely on systems that they manage directly our- or hotels indirectly (through their own service providers), including but not limited to reservation systems, billing, building and property management systems, point- of- sale systems, and financial transactions and records that store and process proprietary or personal information. In light of this structure, we do not have actual or contractual access to the systems or information maintained by the third- party managers, and we must instead rely on such managers' programs and processes to protect the properties in which we invest from risks associated with cybersecurity threats. We have developed and implemented a cybersecurity risk management program intended to protect the confidentiality, integrity, and availability of our critical systems and information. Our cybersecurity risk management program includes a cybersecurity incident response plan. Our program is informed by the International Standards Organization (" ISO ") 27000, ISO 270001, and National Institute of Standards and Technology Cybersecurity Framework (" NIST CSF "). This does not imply that we meet any particular technical standards, specifications, or requirements, only that we use the ISO 27000, ISO 27001 and NIST CSF as of December 31 guides to help us identify, 2022 assess, and manage cybersecurity risks relevant to our business. Key elements of our cybersecurity risk management program are integrated into our overall enterprise risk management program, and share common methodologies, reporting channels and governance processes that apply across the enterprise risk management program to other legal, compliance, strategic, operational, and financial risk areas. Our cybersecurity risk management program includes : ● risk assessments designed to help identify material cybersecurity risks to 

Hotel	City	State	Chain	Scale	Segment	Service	Category	Rooms	Manager
Boston Park Plaza	Boston	Massachusetts	Upper Upscale	Full Service	1, 060	Highgate	Four Seasons Resort	Napa Valley	Calistoga
California	Luxury	Full Service	85	Four	our critical systems and information;	Seasons	Hilton	New Orleans	St. Charles
● New Orleans	Louisiana	Upper Upscale	Full Service	252	HR	Hilton	San Diego	Bayfront	San Diego
California	Upper Upscale	Full Service	1, 190	Hilton	Hyatt	Regency	San Francisco	San Francisco	California
Upper Upscale	Full Service	821	Hyatt	JW	Marriott	New Orleans	( 1-2 )	our security controls	New Orleans
Louisiana	Luxury	Full Service	501	Marriott	Marriott	Boston	Long Wharf	Boston	Massachusetts
Upper Upscale	Full Service	415	Marriott	Montage	Healdsburg	Healdsburg	California	Luxury	Full Service
130	Montage	Oceans Edge Resort & Marina	Key West	Florida	Upper Upscale	Full Service	175	Singh	Renaissance
Long Beach	Long Beach	California	Upper Upscale	Full Service	374	Marriott	Renaissance	Orlando	at SeaWorld @
Orlando	Florida	Upper Upscale	Full Service	781	Marriott	Renaissance	Washington DC	Washington DC	District of Columbia
Upper Upscale	Full Service	807	Marriott	The Bidwell	Marriott	Portland	Portland	Oregon	Upper Upscale
Full Service	258	Sage	The Confidante	Miami Beach	Miami Beach	Florida	Upper Upscale	Full Service	339
Hyatt	Wailea Beach Resort	Wailea	Hawaii	Upper Upscale	Full Service	547	Marriott	Total number of rooms	7, and 735
( 1-3 )	Subject to a ground or	our airspace lease	response to cybersecurity incidents;	● the use of external service providers, where appropriate, to assess, test or otherwise assist with aspects of our security controls;	● cybersecurity awareness training of our employees an- and senior management; and	● a cybersecurity incident response plan	unaffiliated third party. The airspace lease at the JW Marriott New Orleans applies only to certain balcony space fronting Canal Street that is	includes procedures for responding to cybersecurity incidents. We have not integral to the hotel's	identified risks from known cybersecurity threats, including as a result of any prior cybersecurity incidents, that have materially affected us, including our operations , business strategy, results of operations, or financial condition . We face risks from cybersecurity threats that, if realized and material, are reasonably likely to materially affect us, including our operations, business strategy, results of operations, or financial condition. There can be no assurance that our cybersecurity risk management program and processes, including our policies, controls or procedures, will be fully implemented, complied with or effective in protecting our systems and information. 32

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