

## Risk Factors Comparison 2024-02-27 to 2023-03-02 Form: 10-K

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In addition to the other information set forth in this Annual Report, you should carefully consider the risks and uncertainties described below, which could materially adversely affect our business, financial condition, results of operations and cash flow.

Summary of Risk Factors The following summarizes our material risk factors. However, this summary is not intended to be a comprehensive and complete list of all risk factors identified by the Company. Refer to the following pages of this section for additional details regarding these summarized risk factors and other additional risk factors identified by the Company. • ~~The COVID-19 pandemic has had a material adverse impact on the travel, lodging and hospitality industries and, as a result, our business, results of operations, cash flows and financial condition, and the impacts of the pandemic may persist or become more pronounced in the future as the pace and evenness of the recovery remains uncertain.~~ • We may be adversely affected by various operating risks common to the lodging industry, including a dependence on business travel and tourism. • **Risks related to natural or man- made disasters, weather and climate- related events, contagious diseases, such as the COVID- 19 pandemic, terrorist activity, and war could reduce the demand for lodging, which may adversely affect our financial condition and results of operations.** • Difficult economic conditions may continue to adversely affect the hotel industry. • The lodging industry is highly cyclical in nature. • Changes in distribution channels, including the increasing use of intermediaries by consumers and companies may adversely affect our profitability. • The majority of our hotels operate under the Marriott and Hyatt brand families; therefore, we are subject to risks associated with concentrating our portfolio in two brand families. • We have a concentration of hotels in Texas, California, and Florida, which exposes our business to the effects of regional events and occurrences. • Our long- term growth depends in part on successfully identifying and consummating acquisitions of additional hotels and the failure to make such acquisitions could materially impede our growth. • We may be subject to unknown or contingent liabilities related to recently acquired hotels and the hotels that we may acquire in the future or hotels recently divested or that we may divest in the future. • The acquisition and / or disposition of a hotel or a portfolio of hotels is typically subject to contingencies, risks and uncertainties, any of which may cause us to be unsuccessful in completing the acquisition and / or disposition. • Many real estate costs and certain hotel operating costs are fixed, even if revenue from our hotels decreases. • The land underlying three of our hotels and / or meeting facilities is subject to a ground lease; if we are found to be in breach of a ground lease or are unable to renew a ground lease, we could be materially and adversely affected. • Several of our hotels are subject to condominium regimes or master associations with conditions, covenants, and restrictions placed on our properties; therefore, we are subject to risks associated with this type of real estate ownership. • We will not recognize any increase in the value of the land subject to our ground leases and may only receive a portion of compensation paid in any eminent domain proceeding with respect to the hotel. • Any difficulties in obtaining capital necessary to make required periodic capital expenditures and renovation of our hotels could materially and adversely affect our financial condition and results of operations. • We are subject to risks associated with the employment of hotel personnel, particularly with hotels that employ or may employ unionized labor. • We are dependent on the performance of the third- party hotel management companies and could be materially and adversely affected if such third- party managers do not properly manage our hotels or act in our best interests. • Restrictive covenants in certain of our hotel management and franchise agreements contain provisions limiting or restricting the sale of our hotels, which could materially and adversely affect our profitability. • Contractual and other disagreements with or involving third- party hotel management companies and franchisors could make us liable to them or result in litigation costs or other expenses. • If third- party hotel managers and / or franchisors consolidate through merger and acquisition transactions, we may experience undefined and unknown costs related to the integration of processes and systems. • If we were to lose a brand license at one or more of our hotels, the value of the affected hotels could decline significantly and we could incur significant costs to obtain new franchise licenses. • Volatility in the financial markets and challenging economic conditions could adversely affect our ability to secure debt financing on attractive terms and our ability to service any future indebtedness that we may incur. • Our organizational documents have no limitation on the amount of indebtedness we may incur. As a result, we may become highly leveraged in the future, which could materially and adversely affect us. • If we are unable to repay or refinance our existing debt, we may be unable to reinstate or increase distributions to our stockholders and our share price may be adversely affected. • Covenants applicable to current or future debt could restrict our ability to make distributions to our stockholders and, as a result, we may be unable to make distributions necessary to qualify as a REIT. • We may be contractually obligated to purchase property even if we are unable to secure financing for the acquisition. • Failure to remain qualified as a REIT, would cause us to be taxed as a regular corporation, which would materially increase our expenses and could impair our ability to expand our business and raise capital and reduce potential distributions to stockholders. • Even if we continue to qualify as a REIT, we may face other tax liabilities that reduce our cash flows. • Failure to make required distributions would subject us to U. S. federal corporate income tax. • REIT distribution requirements could adversely affect our liquidity and may force us to borrow funds or sell assets during unfavorable market conditions. • The ownership of our taxable REIT subsidiary ("TRS") and our TRS lessees increases our overall tax liability. • Our TRS lessee structure subjects us to the risk of increased hotel operating expenses that could adversely affect our operating results. • If the leases of our hotels to our TRS lessees are not respected as true leases for U. S. federal income tax purposes, we will fail to qualify as a REIT. • If any of our current and future hotel management companies do not qualify as " eligible independent contractors," or if our hotels are not " qualified lodging facilities," we may fail to qualify as a REIT. • Complying with REIT requirements may force us to forgo and / or liquidate otherwise attractive investment opportunities. • We may face risks in connection with Section 1031 Exchanges. • The prohibited

transactions tax may limit our ability to engage in transactions, including dispositions of assets that would be treated as sales for federal income tax purposes. • Dividends payable by REITs generally do not qualify for the reduced tax rates available for some dividends. • Complying with REIT requirements may limit our ability to hedge effectively. • The ability of our Board of Directors to revoke our REIT qualification without stockholder approval may cause adverse consequences to our stockholders. • You may be restricted from acquiring or transferring certain amounts of our common stock. • Your percentage ownership in us may be diluted in the future. • Our rights and the rights of our stockholders to take action against our directors and officers are limited, which could limit our stockholders' recourse in the event of actions not in our stockholders' best interests. • Certain provisions of Maryland law could inhibit changes in control. • As a holding company with no direct operations, we rely on funds received from our Operating Partnership to pay liabilities. • Our charter places limits on the amount of common stock that any person may own. • Our charter permits our Board of Directors to issue preferred stock on terms that may subordinate the rights of the holders of our current common stock or discourage a third- party from acquiring us. • Certain provisions in the partnership agreement for our Operating Partnership may delay or prevent unsolicited acquisitions of us. • Our Board of Directors may change our investment policies without stockholder approval, which could alter the nature of your investment :

**Risks Related to the COVID-19 Pandemic** The effect of the COVID-19 pandemic on the travel, lodging and hospitality industries and global economy has been unprecedented and has dramatically reduced business and leisure travel, which adversely impacted our business, financial performance, operating results and cash flows, beginning March 2020. While our business is experiencing continued recovery from the COVID-19 pandemic led by robust leisure demand and growth in group and business transient travel, future demand may be varied and uneven as the pace and consistency of the global recovery continues to progress and remains uncertain. The extent, duration, and magnitude of the effects of the COVID-19 pandemic, and its eventual transition to a global endemic, will depend on various factors, all of which are uncertain and difficult to predict, including, but not limited to, the pace and consistency of the ongoing recovery; the impact on global and regional economies; travel demand and economic activity; levels of consumer confidence; the efficacy of vaccines and treatments as new COVID-19 variants emerge; the ability of third- party managers or other partners to successfully navigate the impacts of the pandemic; and actions taken by governments, businesses, and individuals in response to the pandemic and any additional COVID-19 resurgences or variants. Specifically, we cannot predict whether business travel for in- person meetings will decrease over the long- term due to technological advancements in and consumer acceptance and adaptation to virtual meetings and / or changes in guest and consumer preferences, or whether the lingering economic effects of the pandemic will have an adverse effect on our ability to execute on our acquisition and disposition strategy. In addition, to the extent that the COVID- 19 pandemic and any additional resurgence, as well as the residual effects of the pandemic on global and regional economies, impact or heighten the other risks described in these "Risk Factors" or elsewhere in this Annual Report or other risks that are not currently foreseeable, our business, results of operations, cash flows and financial condition may be adversely affected.

**Risks Related to the Hotel Industry** We own hotels which have different economic characteristics than many other real estate assets. A typical office property, for example, has long- term leases with third- party tenants, which provides a relatively stable long- term stream of revenue. Hotels, on the other hand, generate revenue from guests who typically stay at the hotel for only a few nights, which causes the room rates and occupancy levels at each of our hotels to change every day, and results in earnings that can be highly volatile. In addition, our hotels will be subject to various operating risks common to the lodging industry, many of which are beyond our control, including, among others, the following: • changes in general macroeconomic conditions, including the severity and duration of any downturn in the U. S. or global economy and financial markets, inflationary pressures, rising interest rates and changes in consumer confidence levels; • outbreaks of pandemic or contagious diseases, such as COVID- 19 (including new variants), norovirus, avian flu, severe acute respiratory syndrome (SARS), H1N1 (swine flu), Ebola, Zika virus, or other similar viruses, or fear of such outbreaks; • war, **geopolitical conflicts, other** political conditions or uncertainty, terrorist activities or threats, mass casualty events, protests and heightened travel security measures instituted in response to these events; • natural disasters, such as earthquakes, tsunamis, tornadoes, hurricanes, typhoons, floods, droughts **and**, wildfires, **and extreme weather events**, some of which may become more frequent and intense as a result of climate change, and man-made disasters, such as oil spills, terrorist attacks, and nuclear incidents; • chronic changes in physical conditions, such as sea-level rise or changes in temperature or precipitation patterns, which may impact the operating conditions of our hotels or other infrastructure we rely on; • delayed delivery or any material reduction or prolonged interruption of public utilities and services, including water and electric power; • decreased corporate or government travel- related budgets and spending and cancellations and / or government shutdowns or closures, deferrals or renegotiations of group business due to adverse changes in general economic conditions and / or changes in laws and regulations; • decreased demand for business- related travel due to innovations in business- related technology, such as for virtual meetings and / or conferences, ongoing corporate travel restrictions, and / or a permanent shift to work- from- home or flex arrangements; • changes in the desirability of particular locations or travel patterns of customers; • increasing awareness around sustainability, the impact of air travel on climate change and the impact of over-tourism; • low consumer confidence, high levels of unemployment or depressed real estate prices; • supply competition from other hotels and alternative accommodations in the markets in which we operate; • overbuilding of hotels in the markets in which we operate, which results in increased supply and will adversely affect occupancy and revenues at our hotels; • requirements for periodic capital reinvestment to repair and upgrade hotels; • increases in operating costs due to inflation and other factors, including wages and benefits, that may not be offset by increased room rates; • change in interest rates and the availability, cost and terms of financing; • the financial condition and general business condition of the airline, automotive and other transportation- related industries and its impact on travel; • decreased airline capacities and routes and reductions in inbound foreign travel; • oil prices and travel costs; • increases in the cost of imported goods and materials, including those used for hotel renovations and other projects, due to changes in international tariffs and / or supply chain disruptions and / or shortages due to reductions in international imports; • statements, actions or interventions by governmental officials related to

travel and corporate travel- related activities and the resulting negative public perception of such travel and activities; • government regulations which limit or prohibit hotels and resorts from charging certain types of bundled fees such as resort or destination amenity fees; and • risks generally associated with the ownership of hotels and real estate, as we discuss in detail below. These factors, and the reputational repercussions of these factors, can materially adversely affect, and from time to time have adversely affected, individual hotels, particular regions and our business, financial condition, results of operations, and / or our ability to make distributions to our stockholders. **Risks relating to natural or man- made disasters, weather and climate- related events, contagious diseases, such as the COVID- 19 pandemic, terrorist activity, and war could reduce the demand for lodging, which may adversely affect our financial condition and results of operations. Hurricanes, earthquakes, tsunamis, tornadoes, droughts, wildfires, and other man- made or natural disasters, as well as the spread or fear of the spread of contagious diseases in locations where we own significant properties and from which we draw a large number of guests, could cause a decline in the level of business and leisure travel in certain regions or as a whole and reduce the demand for lodging, which may adversely affect our financial condition and operating performance. The COVID- 19 pandemic resulted in significant disruption and additional risks to our business, the lodging, hospitality, and travel industries, and the global economy. While our business has recovered compared to pre- COVID- 19 pandemic results in 2019, potential concerns about public health either related to COVID- 19 or otherwise may impact travel demand and consumer confidence in the future. Actual or threatened war, terrorist activity, political unrest, civil strife, and other geopolitical uncertainty could have a similar effect on our financial condition or our growth strategy. Any one or more of these events may reduce the overall demand for hotel rooms or limit the prices we can obtain for them, both of which could adversely affect our profits and financial results.** Difficult economic conditions may continue to adversely affect the hotel industry. We also have a concentration of hotels that are upper upscale and luxury, which exposes us to the effects of changes in demand for these types of properties. Our financial performance is subject to global and regional economic conditions and their impact on levels of discretionary business and consumer spending. Some of the factors that have an impact on discretionary spending include general economic conditions, GDP growth, worldwide or regional recession, corporate earnings and investment, unemployment, consumer debt, reductions in net worth, taxation, inflation, energy prices, interest rates, consumer confidence, tariffs, and other macroeconomic factors. Our portfolio consists of luxury and upper upscale hotels and resorts, and consumer preferences tend to shift to lower- cost alternatives during recessionary periods and other periods in which disposable income is adversely affected, which could lead to a decline in reservations and an increase in cancellations, and thus result in lower revenue. Downturns in worldwide or regional economic conditions, such as an economic downturn resulting from the onset of a pandemic, have led to a general decrease in transient business, group business, leisure travel and travel spending, and similar downturns in the future may materially adversely impact demand for our hotels and resorts. A continuing shift in consumer behavior would materially adversely affect our business, results of operations, and financial condition. Due to its close link with the performance of the general economy, and, specifically, growth in U. S. gross domestic product (" GDP"), the lodging industry is highly cyclical in nature. Demand for products and services provided by the lodging industry generally trails improvement in economic conditions. The lodging industry has historically exhibited a strong correlation to U. S. gross domestic product, which was materially adversely affected by the COVID- 19 pandemic. Worsening of the U. S. or global economy would likely have an adverse impact on the occupancy, ADR and RevPAR of our hotels, and would therefore adversely impact our results of operations and financial condition. In addition to the macroeconomic factors, the U. S. lodging industry was more acutely impacted by the COVID- 19 pandemic than the overall U. S. economy and other industries due to the general sentiment towards business and leisure travel. We have also seen that, due to the mix of business, luxury and upper upscale hotels and resorts are more susceptible to a decrease in revenue, as compared to hotels in other categories that have lower room rates. We operate in a highly competitive industry. The lodging industry is highly competitive. Our hotels compete with other hotels and alternative accommodations (e. g. websites that facilitate the short- term rentals of homes and apartments from owners, including some operated by affiliates of our Brand Companies) based on a number of factors, including room rates, quality of accommodations, service levels and amenities, location, brand affiliation, reputation and reservation systems. New hotels may be constructed and these additions to supply create new competitors, in some cases without corresponding increases in demand for hotel rooms. Some of our competitors also have greater financial and marketing resources than we do, which could allow them to reduce their rates, offer greater convenience, services or amenities, build new hotels in direct competition with our existing hotels, improve their properties, expand and improve their marketing efforts, all of which could adversely affect the ability of our hotels to attract prospective guests and materially and adversely affect our revenues and profitability as well as limit or slow our future growth. In addition, travelers can book stays on websites that facilitate the short- term rental of homes and apartments from owners, thereby providing an alternative to hotel rooms. We also compete for hotel acquisitions with others that have similar investment objectives as we do. This competition could limit the number of suitable investment opportunities offered to us. It may also increase the bargaining power of property owners seeking to sell to us, making it more difficult for us to acquire new properties on attractive terms or on the terms contemplated in our business strategy. In addition to general economic conditions, new hotel room supply is an important factor that can affect the lodging industry' s performance and overbuilding has the potential to further exacerbate the negative impact of an economic downturn. Room rates and occupancy, and thus RevPAR, tend to increase when demand growth exceeds supply growth. A reduction or slowdown in growth of lodging demand or increased growth in lodging supply could result in returns that are substantially below expectations or result in losses, which could materially and adversely affect our revenues and profitability as well as limit or slow our future growth and impact our ability to service our indebtedness and / or make distributions to stockholders. Our rooms are booked through a variety of distribution channels, including hotel websites, travel agents, internet travel intermediaries and meeting procurement firms. If bookings shift to higher cost distribution channels, including internet travel intermediaries and meeting procurement firms, it could materially impact our profits. Additionally, as intermediary

bookings increase, these intermediaries may be able to obtain higher commissions, reduced room rates or other significant contract concessions from our brands and management companies. Many of these internet travel intermediaries are viewed as offering hotel rooms in a commodity-like manner, by increasing the importance of price and general indicators of quality (such as "three-star downtown hotel") at the expense of brand identification. It is possible that consumers and companies will develop brand loyalties to their reservations systems and multi-brand representation rather than to the brands under which our properties are operated. Although most of the business for our hotels is expected to be derived from traditional channels, if the amount of the sales made through the intermediaries increases significantly, rooms revenues may be lower than expected, and / or expenses may be higher which would adversely affect our profitability.

**Risks Related to Our Business and Strategy** In our portfolio, 23 of the 32 hotels that we owned as of December 31, 2022-2023 operate under brands owned by Marriott and Hyatt. As a result, our success is dependent in part on the continued success of Marriott and Hyatt and their respective brands. We believe that brands help to drive demand and increase guest loyalty. Consequently, if market recognition or the positive perception of Marriott and / or Hyatt brands is reduced or compromised, the goodwill associated with the Marriott and / or Hyatt branded hotels in our portfolio may be adversely affected. Furthermore, if our relationship with Marriott and / or Hyatt were to deteriorate or terminate as a result of disputes regarding the management of our hotels or for other reasons, Marriott and / or Hyatt could, under certain circumstances, terminate our current franchise licenses with them or decline to provide franchise licenses for hotels that we may acquire in the future. If any of the foregoing were to occur, it could materially and adversely affect our results of operations and profitability as well as limit or slow our future growth and impair our ability to compete effectively. We have a concentration of hotels in Texas, California and Florida. Specifically, as of December 31, 2022-2023, approximately 23 %, 20 %, and 12 % of rooms in our portfolio were located in Texas, California and Florida, respectively. The concentration of hotels in a certain region may expose us to risks of adverse legislation or economic developments, such as unfavorable treatment from state authorities, negative trends in the industry sectors that are concentrated in these markets and more severe restrictions related to health and safety measures, that are greater than if our portfolio were more geographically diverse. These economic developments include regional economic downturns, significant increases in the number of competitive hotels in these markets and potentially higher local property, sales and income taxes in the geographic markets and jurisdictions in which we are concentrated. In addition, our hotels may be subject to the effects of adverse acts of nature, such as winter storms, hailstorms, strong winds, tropical storms, hurricanes, wildfires, earthquakes, tornadoes, and tsunamis which have in the past caused flooding and other property damage to our hotels in specific geographic locations, including in the Texas, California and Florida markets . **Some of these acts of nature may become more frequent and more severe due to the effects of climate change**. Depending on the severity of these acts of nature, the damage to our hotels could require closure of all or substantially all of our hotels in one or more markets for a period of time while the necessary repairs and renovations, as applicable, are undertaken, and / or long-term power outages are resolved. Additionally, we cannot assure you that the amount of hurricane, windstorm, earthquake, flood or other casualty insurance maintained for these hotels from time to time would entirely cover damages caused by any such event. As a result of this geographic concentration of hotels, we will face a greater risk of a negative impact on our revenues in the event these areas are more severely impacted by adverse economic and competitive conditions and adverse acts of nature than other areas in the United States. A key element of our business strategy is to invest in uniquely positioned luxury and upper upscale hotels and resorts with a focus on the top 25 lodging markets as well as key leisure destinations in the United States. We can provide no assurances that we will be successful in identifying attractive hotels or that, once identified, we will be successful in consummating an acquisition. We face significant competition for attractive investment opportunities from other well-capitalized investors, some of which have greater financial resources and a greater access to debt and equity capital to acquire hotels than we do. This competition increases as investments in real estate become increasingly attractive relative to other forms of investment. As a result of such competition, we may be unable to acquire certain hotels that we deem attractive , or the purchase price may be significantly elevated or other terms may be substantially more onerous. In addition, we expect to finance future acquisitions through a combination of borrowings under our revolving **line of credit facility** and corporate credit facility **term loan loans**, our mortgage loans, the use of retained cash flows and offerings of equity and debt securities, which may not be available on advantageous terms, or at all. Any delay or failure on our part to identify, negotiate, finance on favorable terms, consummate and integrate such acquisitions could materially impede our growth. We may be subject to unknown or contingent liabilities related to recently acquired hotels and the hotels that we may acquire in the future or hotels recently divested or that we may divest in the future, which could materially and adversely affect our revenues and profitability. Our recently acquired or divested hotels, and the hotels that we may acquire or divest in the future, may be subject to unknown or contingent liabilities for which we may have no recourse, or only limited recourse, against the sellers or for which we may be liable to the buyers. In general, the representations and warranties provided under the transaction agreements related to the purchase or disposition of the hotels we acquire or divest may survive for a defined period of time after the completion of the transactions. 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 recover any amounts with respect to losses due to breaches by the sellers of their representations and warranties or that we will not be obligated to reimburse the buyers for their losses. 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 materially and adversely affect our results of operations and profitability. The acquisition and / or disposition of a hotel or a portfolio of hotels is typically subject to contingencies, risks, and uncertainties, any of which may cause us to be unsuccessful in completing the acquisition and / or disposition. We may not be successful in completing the acquisitions and / or disposition of a hotel or portfolio of hotels, which may negatively impact our business strategy. Hotel acquisitions and dispositions are typically subject to customary risks and uncertainties. In addition, there may be contingencies related to, among other items, financing, franchise or management agreements, ground leases and other

agreements. There may also be issues related to a property's title or conditions that could impact the marketability of a property that we acquire or seek to divest, which could result in additional expenditures to correct. 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 an acquisition and / or a disposition will occur for these or any other reasons. Many costs, such as real estate taxes, insurance premiums, maintenance costs and certain hotel operating costs generally are more fixed than variable and as a result, are not reduced even when a hotel is not fully occupied, when operations have been suspended, when room rates decrease or other circumstances cause a reduction in revenues. Thus, our profits are generally more significantly affected by economic downturns and declines in revenues. If we are unable to offset these costs with sufficient revenues across our portfolio, it could materially and adversely affect our results of operations and profitability and lead to cash flow from operations to become negative.

#### Risks Related to the Real Estate Industry

There are inherent risks with investments in real estate, including the relative illiquid nature of such investments. Investments in real estate are subject to varying degrees of risk. For example, an investment in real estate cannot generally be quickly sold, and we cannot predict whether we will be able to sell any hotel we desire to for the price or on the terms set by us or acceptable to us, or the length of time needed to find a willing purchaser and to close the sale of the hotel. Moreover, the Internal Revenue Code of 1986, as amended (the "Code"), imposes restrictions on a REIT's ability to dispose of properties that are not applicable to other types of real estate companies. In particular, the safe harbors applicable to dispositions of properties by REITs require that we hold our hotels for investment, rather than primarily for sale in the ordinary course of business, and that we limit our volume of sales which may cause us to forego or defer sales of hotels that otherwise would be in our best interests. As a result, in certain situations we may be motivated to structure the sale of these assets as tax-free exchanges, the requirements of which are technical and may be difficult to achieve. Therefore, we may not be able to vary our portfolio promptly in response to changing economic, financial and investment conditions and dispose of assets at opportune times or on favorable terms, which may adversely affect our cash flows and our ability to service our indebtedness and / or make distributions to stockholders. In addition, our ability to dispose of some of our hotels could be constrained by their tax attributes. Hotels that we own for a significant period of time or that we acquire through tax-deferred contribution transactions in exchange for Operating Partnership Units in our Operating Partnership may have low tax bases. If we dispose of these hotels outright in taxable transactions, we may be required to distribute the taxable gain to our stockholders under the requirements of the Code applicable to REITs or to pay tax on that gain, either of which, in turn, would impact our cash flow and increase our leverage. In some cases, we may be restricted from disposing of properties contributed to us in the future in exchange for our Operating Partnership Units under tax protection agreements with contributors unless we incur additional costs related to indemnifying those contributors. To dispose of low tax-basis or tax-protected hotels efficiently, we have used, and may from time to time use, like-kind exchanges, which qualify for the deferral of taxable gains, but can be difficult to consummate and result in the hotel for which the disposed assets are exchanged inheriting their low tax bases and other tax attributes. Investments in real estate also are subject to adverse changes in general economic conditions. The factors that could impact our hotels and the value of an investment in us are:

- risks associated with the possibility that cost increases for labor and other operating costs will outpace revenue increases and that in the event of an economic slowdown, the high proportion of fixed costs will make it difficult to reduce costs to the extent required to offset declining revenues;
- changes in tax laws and property taxes, or an increase in the assessed valuation of a property for real estate tax purposes;
- adverse changes in the federal, state or local laws and regulations applicable to us, including those affecting zoning, fuel and energy consumption, water and environmental restrictions, and the related costs of compliance;
- changing market demographics;
- an inability to acquire and finance real estate assets on favorable terms, if at all;
- the ongoing need for owner funded capital improvements and expenditures to maintain or upgrade hotels;
- fluctuations in real estate values or potential impairments in the value of our assets;
- acts of God, such as earthquakes, floods, hurricanes, wildfires or other uninsured losses;
- war, political conditions or civil unrest, terrorist activities or threats, mass casualty events and heightened travel security measures instituted in response to these events, pandemics; and
- changes in interest rates and availability, cost and terms of financing.

#### Operational Risks

We lease the land underlying three of our hotels and / or meeting facilities from third-parties as of December 31, ~~2022~~ 2023. Two of these hotels are subject to ground leases that cover all of the land underlying the respective hotel, and the third is subject to a ground lease that covers a portion of the land. Accordingly, we only own a long-term leasehold or similar interest in all or a portion of these three hotels. The average remaining term of the ground leases, assuming no renewal options are exercised, is approximately ~~36~~ 35 years. Assuming all renewal options are exercised, the average remaining term is ~~69~~ 68 years. If we are found to be in breach of a ground lease, we could lose the right to use the hotel. In addition, unless we can purchase a fee interest in the underlying land and improvements or extend the terms of these leases before their expiration, as to which no assurance can be given, we will lose our right to operate these properties and our interest in the improvements upon expiration of the leases. Our ability to exercise any extension options relating to our ground leases is subject to the condition that we are not in default under the terms of the ground lease at the time that we exercise such options, and we can provide no assurances that we will be able to exercise any available options at such time. Furthermore, we can provide no assurances that we will be able to renew any ground lease upon its expiration. If we were to lose the right to use a hotel due to a breach or non-renewal of the ground lease, we would be unable to derive income from such hotel, which may materially and adversely affect our results of operations and financial condition. Several of our hotels are subject to either a condominium regime or a master association with certain conditions, covenants, and restrictions placed on our property. The management and operation of a condominium or association is generally controlled by a board representing the owners of the individual condominium units or land making up the association, subject to the terms of the related condominium rules, by-laws, or declarations. Generally, the consent of a majority of the board members is required for any actions of the board and a unit owner's ability to control decisions of the board are generally related to the number of units owned by such owner as a percentage of the total number of units or square footage in the condominium or association. In certain cases, we do not have a majority of votes on the condominium or

association board, which ~~result~~ **results** in the Company not having control of the related condominium or association. The board of managers or directors of the related condominium or association generally has discretion to make certain decisions affecting the condominium or association, and we cannot provide any assurances that we will have any control over decisions made by the board of managers or directors. Even if our designated board members, either through control of the appointment and voting of sufficient members of the condominium or association board or by virtue of other provisions in the related condominium or association documents, have consent rights over actions by the condominium associations or other owners, we cannot assure you that the condominium board will not take actions that would materially adversely affect our properties. Thus, decisions made by that board of managers or directors, including regarding assessments to be paid by the unit owners, insurance to be maintained on the condominium and many other decisions affecting the maintenance of that condominium or association, may have a significant adverse impact on our condominium or association interests. The condominium or association board is generally responsible for administration of the affairs of the condominium or association, including providing for maintenance and repair of common areas, adopting rules and regulations regarding common areas, and obtaining insurance and repairing and restoring the common areas of the property after a casualty and the condominium or association board may have the right to control the use of casualty proceeds. In addition, the board generally has the right to assess individual owners for their share of expenses related to the operation and maintenance of the common elements. In the event that an owner of another unit fails to pay its allocated assessments, we may be required to pay such assessments in order to properly maintain and operate the common elements of the property. Unless we purchase a fee interest in the land subject to our ground leases, we will not have any economic interest in the land at the expiration of our ground leases and therefore we will not share in any increase in value of the land beyond the term of a ground lease, notwithstanding our capital outlay to purchase our interest in the hotel or fund improvements thereon, and will lose our right to use the hotel. Furthermore, if the state or federal government seizes a hotel subject to a ground lease under its eminent domain power, we may only be entitled to a portion of any compensation awarded for the seizure. Ownership of hotels is a capital intensive business that requires significant capital expenditures to operate, maintain and renovate properties. Access to the capital that we need to maintain and renovate existing properties and to acquire new properties is critical to the continued growth of our business and revenues and to remain competitive. We may not be able to fund capital improvements for our existing hotels or acquisitions of new hotels solely from cash provided from our operating activities because we must distribute annually at least 90 % of our REIT taxable income to maintain our qualification as a REIT and we are subject to tax on any retained income and gains. As a result, our ability to fund capital expenditures or hotel redevelopment through retained earnings may be restricted. Consequently, we may have to draw down on our revolving **line of credit facility**, enter into new loans or rely upon the availability of new financing arrangements or equity capital to fund capital improvements. Our ability to access additional capital could also be limited by the terms of our corporate credit facilities and the indentures governing the Senior Notes, which restricts our ability to incur debt under certain circumstances. If we are forced to spend larger amounts of cash from operating activities than anticipated to operate, maintain or renovate existing properties, then our ability to use cash for other purposes, including acquisitions of new properties, could be limited and our profits could be reduced. Similarly, if we cannot access the capital we need to fund our operations or implement our growth strategy, we may need to postpone or cancel planned renovations or acquisitions, which could impair our ability to compete effectively and harm our business and relationship with certain third- party management companies and / or brands. In addition, we may have significant ongoing capital projects and renovations with financial commitments that we are unable to postpone during economic downturns which could put pressure on our liquidity and cash flows. We are subject to risks associated with the employment of hotel personnel, particularly with hotels that employ or may employ unionized labor, which could increase our operating costs, reduce the flexibility of our hotel managers to adjust the size of the workforce at our hotels and could materially and adversely affect our revenues and profitability. We have entered into management agreements with third- party hotel managers to operate our hotels. Our hotel managers are responsible for hiring and maintaining the labor force at each of our hotels. Although we do not employ or manage employees at our hotels, we are subject to many of the costs and risks generally associated with the hotel labor force. Increased labor costs due to factors like minimum wage initiatives and other localized changes to wages and additional taxes or requirements to incur additional employee benefits costs, including the requirements of the Affordable Care Act, may adversely impact our operating costs. Labor costs can be particularly challenging at our hotels with unionized labor. From time to time, strikes, lockouts, boycotts, public demonstrations or other negative actions and publicity may disrupt hotel operations at any of our hotels, negatively impact our reputation or the reputation of our brands, cause us to lose guests, or harm relationships with the labor forces at our hotels. We also may incur increased legal costs and indirect labor costs as a result of contract disputes or other events. Additionally, hotels where our third- party managers have collective bargaining agreements with employees could be affected more significantly by labor force activities than others. The resolution of labor disputes or new or re- negotiated labor contracts could lead to increased labor costs, either by increases in wages or benefits or by changes in work rules that raise hotel operating costs. Furthermore, labor agreements may limit the ability of our hotel managers to reduce the size of hotel work forces during an economic downturn because collective bargaining agreements are negotiated between the hotel managers and labor unions. We do not have the ability to control the outcome of these negotiations. Additional hotels or additional departments within our hotels or groups of employees may become subject to additional collective bargaining agreements in the future. Additionally, hotels we currently own or may own in the future could be subject to collective bargaining agreements due to various factors including, but not limited to, consolidation of third- party hotel managers. Potential changes in the federal regulatory scheme or other events could make it easier for unions to organize groups of our third- party hotel managers' employees. If such changes take effect, more hotel personnel could be subject to increased organizational efforts, which could potentially lead to disruptions or require more of our management' s time to address unionization issues. Negotiations of collective bargaining agreements, attempts by labor organizations to organize additional hotels, departments within our hotels or groups of employees or changes in labor laws could disrupt our operations,

increase our labor costs or interfere with the ability of our management to focus on executing our business strategies. Operating expenses may increase in the future, which may cause our cash flow and our operating results to decrease. Hotel operating expenses, such as expenses for labor (including the costs of wages and benefits provided by our operators to hotel employees), fuel, utilities, insurance and real estate tax, and costs to comply with new and evolving cleanliness standards are not fixed and may increase in the future. Any increases would cause our cash flow and our operating results to decrease. If we are unable to offset these decreases with sufficient revenue across our portfolio, it could materially and adversely affect our results of operations and profitability and our ability to pay distributions and to service our indebtedness could be materially and adversely affected. Adverse judgments or settlements resulting from legal proceedings in which we may be involved in the normal course of our business could reduce our profits or limit our ability to operate our business. In the normal course of our business, we are involved in various legal proceedings. Our third- party managers, whom we indemnify for certain costs resulting from management of our hotels, may also be involved in various legal proceedings relating to the management of our hotels. The outcome of these proceedings cannot be predicted. If any of these proceedings were to be determined adversely to us or our third- party managers or a settlement involving a payment of a material sum of money were to occur, it could materially and adversely affect our profits or ability to operate our business. Additionally, we could become the subject of future claims by third- parties, including current or former third- party property owners, guests who use our properties, our employees, our investors or regulators. Any significant adverse judgments or settlements would reduce our profits and could limit our ability to operate our business. Further, we may incur costs related to claims for which we have appropriate third- party indemnity, but such third- parties fail to fulfill their contractual obligations. Management, Franchising and Development Risks We are dependent on the performance of the third- party hotel management companies that manage the operations of each of our hotels and could be materially and adversely affected if such third- party managers do not properly manage our hotels or otherwise act in our best interests. In order for us to maintain our qualification as a REIT, third- parties must operate our hotels. We lease each of our hotels to our TRS lessees. Our TRS lessees, in turn, have entered into management agreements with third- party management companies to operate our hotels. We could be materially and adversely affected if any of our third- party managers fail to provide quality services and amenities, fail to properly and adequately provide staffing for our hotels, fail to maintain a quality brand name or otherwise fail to manage our hotels in our best interest, and we can be financially responsible for the actions and inactions of our third- party managers pursuant to our management agreements. In addition, our hotel managers or their affiliates may manage, and in some cases may own, may have invested in or may have provided credit support or operating guarantees to hotels that compete with our hotels, any of which could result in conflicts of interest. As a result, our hotel managers may make decisions regarding competing lodging facilities that are not in our best interests. From time to time, disputes may arise between us and our third- party managers regarding their performance or compliance with the terms of the hotel management agreements, which in turn could adversely affect our results of operations. If we are unable to reach satisfactory results through discussions and negotiations, we may choose to terminate our management agreement, litigate the dispute, or submit the matter to third- party dispute resolution, the outcome of which may be unfavorable to us. Under the terms of the hotel management agreements, our ability to participate in operating decisions regarding our hotels is limited to certain matters, including approval of the annual operating and capital expenditure budgets, and we do not have the specific authority to require any hotel to be operated in a particular manner. While our TRS lessees closely monitor the performance of our third- party managers, our general recourse under most of the hotel management agreements is limited to termination if our third- party managers are not performing adequately if allowed pursuant to our hotel management agreements. For example, in many of our hotel management agreements, subject to certain exceptions including force majeure events and disruption due to large scale renovations, we have a right to terminate a management agreement if the third- party manager fails to achieve certain hotel performance criteria measured over any two consecutive fiscal years, as outlined in the applicable management agreement. However, even if a third- party manager fails to perform under the terms of its respective management agreement, it generally has the option to avoid a performance termination by paying a performance deficit fee as specified in the applicable management agreement. In the event that we terminate any of our management agreements, we can provide no assurances that we could find a replacement manager or that any replacement manager will be successful in operating our hotels. In addition, our existing franchise agreements provide the franchisor with a right of first offer in the event of certain sales or transfers of a hotel and provide that the franchisor has the right to approve any change in the hotel management company engaged to manage the hotel. If any of the foregoing were to occur, it could materially and adversely affect our business and financial condition. Hotel management and franchise agreements typically contain restrictive covenants that limit or restrict our ability to sell a hotel without the consent of the hotel management company or franchisor. Our franchise agreements provide the franchisor with a right of first offer in the event of certain sales or transfers of a hotel and provide that the franchisor has the right to approve any change in the hotel management company engaged to manage the hotel. Generally, we may not agree to sell, lease or otherwise transfer particular hotels unless the transferee executes a new agreement or assumes the related hotel management and franchise agreements. If the hotel management company or franchisor does not consent to the sale of our hotels, we may be prohibited from taking actions that would otherwise be in our and our stockholders' best interests. Our management and franchise agreements require us and third- party hotel managers and franchisors to comply with operational and performance conditions that are subject to interpretation and could result in disagreements. At any given time, we may be in dispute with one or more hotel management companies or franchisors regarding various terms of our agreements. Any such dispute could be very expensive for us, even if the outcome is ultimately in our favor. We cannot predict the outcome of any arbitration or litigation, the effect of any negative judgment against us or the amount of any settlement that we may enter into with any third- party. In the event we terminate a management or franchise agreement early and the manager or franchisor considers such termination to have been wrongful, they may seek damages. Additionally, we may be required to indemnify our third- party hotel managers and franchisors against disputes with third- parties, pursuant to our management and franchise agreements. An adverse result in

any of these proceedings could materially and adversely affect our revenues and profitability. If we are unable to maintain good relationships with third- party hotel managers and franchisors, profitability could decrease and our growth potential may be adversely affected. The success of our respective hotel investments and the value of our franchised properties largely depend on our ability to establish and maintain good relationships with the third- party hotel managers and franchisors of our respective hotel management and franchise agreements. If we are unable to maintain good relationships with third- party hotel managers and franchisors, we may be unable to renew existing management or franchise agreements or expand relationships with them. Additionally, opportunities for developing new relationships with additional third- party managers or franchisors may be adversely affected. This, in turn, could have an adverse effect on our results of operations and our ability to execute our growth strategy. If third- party hotel managers and / or franchisors consolidate through merger and acquisition transactions, we may experience undefined and unknown costs related to the integration of processes and systems, which may adversely affect our hotels. If third- party online travel agencies consolidate through ~~merger~~ **mergers** and acquisitions this may lead to less negotiating power over contracts and / or higher costs of obtaining customers. The result of third- party hotel managers and franchisors consolidating could adversely affect our hotels due to the undefined and unknown costs associated with the integration of property- level point of sale and back- of- house computer systems and other technology related processes, the training and other labor costs associated with the merging of labor forces, and the impact of loyalty reward point program consolidation. Additionally, the potential consolidation of third- party hotel managers and franchisors could impact our leveraging power in future management and franchise agreement negotiations. Consolidation of third- party online travel agencies could lead to less negotiating power that our third- party management companies have in setting contract terms for pricing and commissions paid to the online travel agency. The consolidation of these distribution channels may lead to reduced operating profits and / or higher costs of obtaining customers. Costs associated with, or failure to maintain, brand operating standards may materially and adversely affect our results of operations and profitability. Under the terms of our franchise agreements, and certain of our management agreements, we are required to meet specified operating standards and other terms and conditions and compliance with such standards may be costly. We expect that our franchisors will periodically inspect our hotels to ensure that we and the hotel management companies follow brand standards. Failure by us, or any hotel management company that we engage, to maintain these standards or other terms and conditions could result in a franchise license being canceled or the franchisor requiring us to undertake a costly property improvement program. If a franchise license is terminated due to our failure to make required improvements or to otherwise comply with its terms, we also may be liable to the franchisor for a termination payment, which will vary by franchisor and by hotel. If the funds required to maintain brand operating standards are significant, or if a franchise license is terminated, it could materially and adversely affect our results of operations and profitability. If we were to lose a brand license at one or more of our hotels, the value of the affected hotels could decline significantly and we could incur significant costs to obtain new franchise licenses, which could materially and adversely affect our results of operations and profitability as well as limit or slow our future growth. If we were to lose a brand license, the underlying value of a particular hotel could decline significantly from the loss of associated name recognition, marketing support, participation in guest loyalty programs and the centralized reservation system provided by the franchisor or brand manager, which could require us to recognize an impairment on the hotel. Furthermore, the loss of a franchise license at a particular hotel could harm our relationship with the franchisor or brand manager, which could impede our ability to operate other hotels under the same brand, limit our ability to obtain new franchise licenses or brand management agreements from the franchisor or brand in the future on favorable terms, or at all, and cause us to incur significant costs to obtain a new franchise license or brand management agreement for the particular hotel. Accordingly, if we lose one or more franchise licenses or brand management agreements, it could materially and adversely affect our results of operations and profitability as well as limit or slow our future growth. Our acquisition, redevelopment, repositioning, renovation and re- branding activities are subject to various risks, any of which could, among other things, result in disruptions to our hotel operations, strain management resources and materially and adversely affect our results of operations and profitability as well as limit or slow our future growth. We intend to acquire, redevelop, reposition, renovate and re- brand hotels, subject to the availability of attractive hotels or projects and our ability to undertake such activities on satisfactory terms. In deciding whether to undertake such activities, we will make certain assumptions regarding the expected future performance of the hotel or project. However, newly acquired, redeveloped, renovated, repositioned or re- branded hotels may fail to perform as expected and the costs necessary to bring such hotels up to brand standards may exceed our expectations, which may result in the hotels' failure to achieve projected returns. In particular, to the extent that we engage in the activities described above, they could pose the following risks to our ongoing operations: • we may abandon such activities and may be unable to recover expenses already incurred in connection with exploring such opportunities; • acquired, redeveloped, repositioned, renovated or re- branded hotels may not initially be accretive to our results, and we and the hotel management companies may not successfully manage newly acquired, renovated, redeveloped, repositioned or re- branded hotels to meet our expectations; • we may be unable to quickly, effectively and efficiently integrate new acquisitions, particularly acquisitions of portfolios of hotels, into our existing operations; • our redevelopment, repositioning, renovation or re- branding activities may not be completed on schedule, which could result in increased debt service and other costs and lower revenues; and • management attention may be diverted by our acquisition, redevelopment, repositioning or re- branding activities, which in some cases may turn out to be less compatible with our growth strategy than originally anticipated. The occurrence of any of the foregoing events, among others, could materially and adversely affect our results of operations and profitability as well as limit or slow our future growth. Technology and Information Systems Risks We are increasingly dependent on information technology, and potential cyber- attacks, unauthorized access events, security problems, or other disruptions present risks. The third- party hotel management companies that operate our hotels rely on information technology networks and systems, including the Internet and cloud- based storage systems, to process, transmit and store electronic information, and to manage or support a variety of business processes, including financial transactions and

records, personal identifying information, reservations, billing, building and property management systems, point of sale systems, and operating data. We have limited contractual ability to require our third- party management companies to implement new or enhanced cyber- security platforms. They may purchase some of their information technology from vendors, on whom our and their systems will depend, and the third- party hotel managers will rely on commercially available systems, software, tools and monitoring to provide security for processing, transmission and storage of confidential operator and other customer information, including personally identifiable information. **These vendors may separately develop and increasingly use artificial intelligence (" AI"). Social, ethical, and security issues relating to the use of new and evolving AI may result in reputational harm and liabilities. AI technologies are rapidly evolving and could be subject to new governmental regulations which could impose additional costs and obligations on vendors and third- party hotel management companies.** We depend upon the secure transmission of this information over public networks. Certain of our third- party hotel management companies' networks and storage applications have already been and in the future may continue to be subject to unauthorized access by hackers or others through cyber- attacks, which are rapidly evolving and becoming increasingly sophisticated, or by other means, or may be breached due to operator error, malfeasance or other system disruptions. In some cases, it will be difficult to anticipate or immediately detect such incidents and the damage caused thereby. Any significant breakdown, invasion, destruction, interruption or leakage of our third- party hotel managers' systems could harm us, and we may be financially responsible for certain damages arising out of the harm such events cause to third- parties pursuant to our management agreements. As a result, such incidents could have a material impact on our business and adversely affect our financial condition, financial reporting abilities, and results of operations. Certain of our third- party hotel management companies, including Marriott, Hilton and Kimpton, and various other vendors used by our third- party hotel management companies have 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 the guests that have used our hotels' services and amenities. Although we and our third- party hotel management companies carry cyber and / or privacy liability insurance, this insurance coverage may not be sufficient to cover all losses or all types of claims that may arise in connection with cyber- attacks, security breaches, and other related breaches and does not protect against brand reputational risk which may impact future customer loyalty. Furthermore, such insurance may not be available to us or our third- party hotel management companies on commercially reasonable terms, or at all, which could lead to a material adverse effect on our results of operations and financial condition upon the occurrence of such cyber- attack and / or unauthorized access events. At our corporate headquarters, in addition to maintaining our own cyber- risk insurance policy, the Company is continuously working to maintain secure information technology systems and to provide ongoing employee awareness training around phishing, malware, ransomware, and other cyber risks to ensure that the Company is protected, to the greatest extent possible, against cyber risks and security breaches. However, these proactive measures may not deter every occurrence of cyber- attacks and / or unauthorized access events of our own corporate systems. **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.**

Risks Related to Debt Financing The domestic and international commercial real estate debt markets could become very volatile as a result of, among other things, rising interest rates and the tightening of underwriting standards by lenders and credit rating agencies. This could result in less availability of credit and increasing costs for what is available. If the overall cost of borrowing increases, either by increases in the index rates or by increases in lender spreads, the increased costs may result in existing assets or future acquisitions generating lower overall economic returns and potentially reducing future cash flow available for distribution. If these disruptions in the debt markets were to persist, our ability to borrow monies to finance the purchase of, or other activities related to, real estate assets could be negatively impacted. If we are unable to borrow monies on terms and conditions that we find acceptable, we likely will have to reduce the number of properties we can purchase, and the return on the properties we do purchase may be lower. In addition, we may find it difficult, costly or impossible to refinance indebtedness which is maturing. Further, economic conditions could negatively impact commercial real estate fundamentals and result in declining values in our real estate portfolio and in the collateral securing any loan investments we may make, which could have various negative impacts. Specifically, the value of collateral securing any loan investment we may make could decrease below the outstanding principal amounts of such loans, requiring us to pledge more collateral. Our business strategy contemplates the use of both non- recourse secured and unsecured debt to finance long- term growth and we may use recourse debt in the future. In addition, our organizational documents contain no limitations on the amount of debt that we may incur, and our Board of Directors may change our financing policy at any time without stockholder notice or approval. As a result, we may be able to incur substantial additional debt, including secured debt, in the future. Incurring debt could subject us to many risks, including the risks that: • our cash flows from operations may be insufficient to make required payments of principal and interest; • our debt and resulting maturities may increase our vulnerability to adverse economic and industry conditions; • we may be required to dedicate a substantial portion of our cash flow from operations to payments on our debt, thereby reducing cash available for distribution to our stockholders, funds available for operations and capital expenditures, future business opportunities or other purposes; • the terms of any refinancing may not be in the same amount or on terms as favorable as the terms of the existing debt being refinanced; • we may be obligated to repay the debt pursuant to guarantee obligations; and • the use of leverage could adversely affect our ability to raise capital from other sources or to make distributions to our stockholders and could adversely affect the market price of our common stock. If we violate covenants in future agreements relating to indebtedness that we may incur, we could be required to repay all or a portion of our indebtedness before maturity at a time when we might be unable to arrange financing for such repayment on attractive terms, if at all. We are also subject to guarantees and pledges that may require us to forfeit our ownership interests in subsidiaries that own the underlying assets securing the respective loans. In addition, indebtedness agreements may require that we meet certain covenant tests in order to make distributions to our stockholders. If we are unable

to repay or refinance our existing debt, we may be unable to increase distributions to our stockholders and our share price may be adversely affected. Our existing and future debt may subject us to many risks, including the risks that: • our cash flow from operations will be insufficient to make required payments of principal and interest; • our debt may increase our vulnerability to adverse economic and industry conditions; • the terms of any refinancing may not be as favorable as the terms of the debt being refinanced; and • the terms of our debt may limit our ability to make distributions to our stockholders and therefore adversely affect the market price of our stock. If we do not have sufficient funds to repay our debt at maturity, it may be necessary to refinance this debt through additional debt financing, or private or public offerings of debt or equity securities. Alternatively, we may need to sell the underlying hotel or, in certain instances, the lender may foreclose. Adverse economic conditions could cause the terms on which we borrow or refinance to be unfavorable. If we are unable to refinance our debt on acceptable terms, we may be forced to dispose of hotels on disadvantageous terms or at times which may not permit us to receive an attractive return on our investments, potentially resulting in losses adversely affecting cash flow from operating activities. Borrowings may reduce the funds available for distribution and increase the risk of loss since defaults may cause us to lose the properties securing the loans. We have acquired properties by borrowing monies and we may, in some instances, acquire properties by assuming existing financing. We may borrow money to finance a portion of the purchase price of assets we acquire. We may also borrow money for other purposes to, among other things, satisfy the requirement that we distribute at least 90 % of our REIT taxable income, subject to certain adjustments, or as is otherwise necessary or advisable to assure that we continue to qualify as a REIT for U. S. federal income tax purposes. Over the long- term, however, payments required on any amounts we borrow reduce the funds available for, among other things, acquisitions, capital expenditures for existing properties or distributions to our stockholders because cash otherwise available for these purposes is used to pay principal and interest on this debt. If there is a shortfall between the cash flow from a property and the cash flow needed to service mortgage debt on a property, then the amount of cash flow from operations available for distributions to stockholders may be reduced or suspended. In addition, incurring mortgage debt increases the risk of loss since defaults on indebtedness secured by a property may result in lenders initiating foreclosure actions. In such a case, we could lose the property securing the loan that is in default, thus reducing the value of our investment. For tax purposes, a foreclosure is treated as a sale of the property or properties for a purchase price equal to the outstanding balance of the debt secured by the property or properties. If the outstanding balance of the debt exceeds our tax basis in the property or properties, we would recognize taxable gain on the foreclosure action even though we would not receive any cash proceeds. We also may fully or partially guarantee any monies that subsidiaries borrow to purchase or operate properties. In these cases, we will likely be responsible to the lender for repaying the loans if the subsidiary is unable to do so. For any mortgages that contain cross- collateralization or cross- default provisions, more than one property may be affected by a default. If we are unable to borrow at favorable rates, we may not be able to acquire new properties. If we are unable to borrow money at favorable rates, we may be unable to acquire additional real estate assets or refinance existing loans at maturity. Further, we may enter into loan agreements or other credit arrangements that require us to pay interest on amounts we borrow at variable or " adjustable" rates. Increases in interest rates will increase our interest costs. If interest rates are higher when we refinance our loans, our expenses will increase, thereby reducing our cash flow and the amount available for distribution to you. Further, during periods of rising interest rates, we may be forced to sell one or more of our properties in order to repay existing loans, which may not permit us to maximize the return on the particular properties being sold. Interest- only indebtedness may increase our risk of default and ultimately may reduce our funds available for distribution to our stockholders. We have obtained, and may continue to enter into, mortgage loans that do not require us to pay principal for all or a portion of the life of the debt instrument. During the period when no principal payments are required, the amount of each scheduled payment is less than that of a traditional amortizing mortgage loan. The principal balance of the mortgage loan is not reduced (except in the case of prepayments) because there are no scheduled monthly payments of principal required during this period. After the interest- only period, we may be required either to make scheduled payments of principal and interest or to make a lump- sum or " balloon" payment at or prior to maturity. These required principal or balloon payments will increase the amount of our scheduled payments and may increase our risk of default under the related mortgage loan if we do not have funds available or are unable to refinance the obligation. Existing and future debt agreements contain or may contain restrictions that limit our flexibility in operating our business. The mortgages on our existing hotels, and hotels that we may acquire in the future, likely will contain customary covenants such as, but not limited to, those that limit our ability, without the prior consent of the lender, to further mortgage the applicable hotel or to discontinue insurance coverage. In addition, such loans contain negative covenants that, among other things, preclude certain changes of control, and / or changes in the hotel brand or manager of a collateralized property without lender consent, inhibit our ability to incur additional indebtedness or, under certain circumstances, restrict cash flow necessary to make distributions to our stockholders. These loans also often have debt service coverage ratio requirements that could limit our ability to borrow additional funds. In addition, in connection with our mortgage agreements we may enter into lockbox and cash management agreements pursuant to which under certain situations substantially all of the income generated by our hotel properties will be deposited directly into lockbox accounts and then swept into cash management accounts for the benefit of our lenders and from which cash will be distributed to us only after funding of certain items, which may include payment of principal and interest on our debt, insurance and tax reserves or escrows and other expenses. As a result, we may be forced to borrow additional funds in order to make distributions to our stockholders (including, potentially, to make distributions necessary to allow us to maintain our qualification as a REIT for U. S. federal income tax purposes). The credit agreement governing our revolving **line of credit facility** and our corporate credit facility term **loan loans** as well as the indentures governing our Senior Notes contain customary covenants with which we must comply, which limit the discretion of management with respect to certain business matters. These covenants place restrictions on, among other things, our ability to incur additional indebtedness, incur liens on assets, enter into new types of businesses, engage in mergers, liquidations or consolidations, sell assets, make restricted payments (including the payment of dividends and other

distributions), enter into negative pledges or limitations on the ability of subsidiaries to make certain distributions or to guarantee the indebtedness under the credit agreements, engage in certain transactions with affiliates, enter into sale and leaseback transactions, make investments and capital expenditures, acquire real estate assets, enter into speculative hedging transactions, change our fiscal year and make certain payments and prepayments with respect to subordinated debt. The credit agreements also contain financial covenants relating to our maximum total leverage ratio, maximum secured leverage ratio, maximum secured recourse leverage ratio, minimum fixed charge coverage ratio, minimum consolidated tangible net worth, minimum unsecured interest coverage ratio, maximum unencumbered leverage ratio, and set a minimum number of unencumbered properties we must own and a minimum value for such unencumbered properties. Any other credit facility or other loans that we enter into may place additional restrictions on us and may require us to meet certain financial ratios and tests. Our continued ability to borrow under the revolving **line of credit facility** and any other credit facility that we may obtain will be subject to compliance with these covenants and our ability to meet these covenants will be adversely affected if U. S. lodging fundamentals do not continue to improve when and to the extent that we expect. In addition, our failure to comply with these covenants, as well as our inability to make required payments under the credit agreements or any future debt agreement, could cause an event of default under the credit agreements, which, if not waived, could result in the termination of the financing commitments under the credit agreement governing our revolving **line of credit facility** and corporate credit facility term **loan loans** and the acceleration of the maturity of the outstanding indebtedness thereunder, or could cause an event of default under such future debt agreement, which could result in the acceleration of the debt and require us to repay such debt with capital obtained from other sources, which may not be available to us or may be available only on unattractive terms. Furthermore, if we default on property- level secured debt, lenders can take possession of the hotel or hotels securing such debt. In addition, the credit agreements contain, and any future debt agreements may contain, cross- default provisions with respect to certain other recourse and non- recourse indebtedness and contain certain other events of default which would similarly, in each case, give the lenders under the credit agreements the right to terminate such financing commitments and accelerate the maturity of such indebtedness under the credit agreements or give the lenders under such other agreement the right to declare a default on its debt and to enforce remedies, including acceleration of the maturity of such debt upon the occurrence of a default under such other indebtedness. If we default on our credit agreements or any other debt agreements, it could materially and adversely affect us. We may be unable to satisfy our debt obligations upon a change of control. Under the documents that govern our indebtedness, if we experience a change of control, we could be required to incur certain penalties, fees and other expenses, which may include repayment of the entire principal balance of some of our outstanding indebtedness plus additional fees and interest. We might not have sufficient funds to repay such amounts. Any of these events could have a material adverse impact on our liquidity, business, results of operations and financial condition. Covenants applicable to current or future debt could restrict our ability to make distributions to our stockholders and, as a result, we may be unable to make distributions necessary to qualify as a REIT, which could materially and adversely affect us. We intend to continue to operate in a manner so as to qualify as a REIT for U. S. federal income tax purposes. In order to qualify as a REIT, we generally are required to distribute at least 90 % of our REIT taxable income, determined without regard to the dividends paid deduction and excluding net capital gain, each year to our stockholders. To the extent that we satisfy this distribution requirement ~~but~~ distribute less than 100 % of our REIT taxable income, we will be subject to U. S. federal corporate income tax on our undistributed taxable income. In addition, we will be subject to a 4 % nondeductible excise tax if the actual amount that we distribute to our stockholders in a calendar year is less than ~~a the~~ minimum amount specified under the Code. If, as a result of covenants applicable to our current or future debt, we are restricted from making distributions to our stockholders, we may be unable to make distributions necessary for us to avoid U. S. federal corporate income and excise taxes and maintain our qualification as a REIT, which could materially and adversely affect us. Increases in interest rates could increase the amount of our debt payments and adversely affect our ability to make distributions to our stockholders. We have borrowed money, some of which bears interest at variable rates, and therefore are exposed to increases in costs in a rising interest rate environment. Increases in interest rates increase our interest expense on any variable rate debt, as well as any debt that must be refinanced at higher interest rates at the time of maturity. Our future earnings and cash flows could be adversely affected due to the increased requirement to service our indebtedness and could reduce the amount we are able to distribute to our stockholders. As of December 31, ~~2022~~ **2023**, approximately \$ ~~279.280~~ **20** million, or ~~19.20~~ **20** %, of our total debt outstanding, bore interest at variable rates which was ~~not~~ hedged by interest rate protection agreements. We may finance all or a portion of the purchase price for properties that we acquire. However, to ensure that our offers are as competitive as possible, we do not expect to enter into contracts to purchase property that include financing contingencies. Thus, we may be contractually obligated to purchase a property even if we are unable to secure financing for the acquisition. In this event, we may choose to close on the property by using cash on hand, which would result in less cash available for our operations, for distributions to stockholders and for servicing our indebtedness. Alternatively, we may choose not to close on the acquisition of the property and default on the purchase contract. If we default on any purchase contract, we could lose our earnest deposit money and become subject to liquidated or other contractual damages and remedies. To hedge against interest rate fluctuations, we may use derivative financial instruments that may be costly and ineffective. To the extent consistent with maintaining our qualification as a REIT, from time to time, we may use derivative financial instruments to hedge ~~exposures~~ **exposure** to changes in interest rates on loans secured by our assets. Derivative instruments may include interest rate swap contracts, interest rate cap or floor contracts, futures or forward contracts, options or repurchase agreements. Our actual hedging decisions will be determined in light of the facts and circumstances existing at the time of the hedge and may differ from our currently anticipated hedging strategy. There is no assurance that our hedging strategy will achieve our objectives. We may be subject to costs, such as transaction fees or breakage costs, if we terminate these arrangements. To the extent that we use derivative financial instruments to hedge against interest rate fluctuations, we will be exposed to credit risk, basis risk and legal enforceability risks. In this context, credit risk is the failure of the counterparty to perform under the terms of the derivative

contract. If the fair value of a derivative contract is positive, the counterparty owes us, which creates credit risk for us. If the fair value of a derivative contract is negative, we owe the counterparty, which creates a risk that we may not be able to pay such amounts. Basis risk occurs when the index upon which the contract is based is more or less variable than the index upon which the hedged asset or liability is based, thereby making the hedge less effective. Finally, legal enforceability risks encompass general contractual risks including the risk that the counterparty will breach the terms of, or fail to perform its obligations under, the derivative contract, increasing the risk that we may not realize the benefits of these instruments. There is a risk that counterparties could fail, shut down, file for bankruptcy or be unable to pay out contracts. The failure of a counterparty that holds collateral that we post in connection with an interest rate swap agreement could result in the loss of that collateral. The swaps regulatory provisions of the Dodd- Frank Wall Street Reform and Consumer Protection Act could have an adverse effect on our interest rate hedging activities. Provisions of the Dodd- Frank Wall Street Reform and Consumer Protection Act (the "Dodd- Frank Act") and rules adopted by the Commodity Futures Trading Commission (the "CFTC") and other prudential regulators establish federal regulation of the over- the- counter derivatives market and entities, such as us, participating in that market. While most of these regulations are already in effect, the implementation process is still ongoing and the CFTC continues to review and refine its initial rule makings through additional interpretations and supplemental rule makings. As a result, any new regulations or modifications to existing regulations could significantly increase the cost of derivative contracts, materially alter the terms of derivative contracts, reduce the availability of derivatives to protect against risks we encounter, reduce our ability to monetize or restructure our existing derivative contracts, and increase our exposure to less creditworthy counterparties. The Dodd- Frank Act requires that certain classes of swaps be cleared on a derivatives clearing organization and traded on a Derivatives Contract Market or other regulated exchange, unless exempt from such clearing and trading requirements, which could result in the application of certain margin requirements imposed by derivatives clearing organizations and their members. The CFTC and prudential regulators have also adopted mandatory margin requirements for uncleared swaps entered into between swap dealers and certain other counterparties. While an end- user exception with respect to such mandatory clearing and margin requirements may be available, the application of the mandatory clearing and trade execution requirements and the uncleared swaps margin requirements to other market participants, such as swap dealers, may adversely affect the cost and availability of the swaps that we use for hedging.

**Risks Related to Our Status as a REIT** We believe that we are qualified to be taxed as a REIT for U. S. federal income tax purposes for our taxable year ended December 31, 2022-2023, and we intend to continue operating in such a manner. However, we cannot assure you that we will remain qualified as a REIT or that we will not be required to rely on a REIT" savings clause. "If we were to rely on a REIT" savings clause", we would have to pay a penalty tax, which could be material. If we fail to qualify as a REIT in any taxable year, we will face serious tax consequences because:

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

As a result of all these factors, our failure to qualify as a REIT could impair our ability to expand our business and raise capital, and it would likely adversely affect the value of our common stock. Even if we continue to qualify for taxation as a REIT, we may be subject to certain U. S. federal, state and local taxes on our income and assets, including taxes on any undistributed income, tax on income from some activities conducted as a result of a foreclosure, and state or local income, franchise, property and transfer taxes. In addition, our TRS, and any other TRS we form, will be subject to regular corporate U. S. federal, state and local taxes. Any of these taxes would decrease cash available for distributions to stockholders. We intend to continue to operate in a manner so as to maintain our qualification as a REIT for U. S. federal income tax purposes. In order to continue to qualify as a REIT, we generally are required to distribute at least 90 % of our REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gain, each year to our stockholders. To the extent that we satisfy this distribution requirement but distribute less than 100 % of our REIT taxable income, we will be subject to U. S. federal corporate income tax on our undistributed taxable income. In addition, we will be subject to a 4 % nondeductible excise tax if the actual amount that we pay out to our stockholders in a calendar year is less than a minimum amount specified under the Code. To satisfy the REIT distribution requirements, we may need to borrow funds on a short- term basis or sell assets, even if the then- prevailing market conditions are not favorable for these borrowings or sales. Our cash flows from operations may be insufficient to fund required distributions as a result of differences in timing between the actual receipt of income and the recognition of income for U. S. federal income tax purposes, or the effect of non- deductible capital expenditures, the creation of reserves or required debt service or amortization payments. Also, our ability, or the ability of our subsidiaries, to deduct interest may be limited under Section 163 (j) of the Code, potentially reducing cash flows. The insufficiency of our cash flows to cover our distribution requirements could have an adverse impact on our ability to raise short- and long- term debt or sell equity securities in order to fund distributions required to maintain our qualification as a REIT. The ownership of our TRS and our TRS lessees increases our overall tax liability. Our TRS, and any other domestic TRS we form, will be subject to U. S. federal, state and local income tax on their taxable income, which will consist of the revenues from the hotels leased by our TRS lessees, net of the operating expenses for such hotels and rent payments to us. In certain circumstances the ability of our TRS to deduct interest expense could be limited. Accordingly, although our ownership of our TRS lessees will allow us to participate in the operating income from our hotels in addition to receiving rent, that operating income will be fully subject to income tax. The after- tax net income of our TRS lessees is available for distribution to us. Our TRS lessee structure subjects us to the risk of increased hotel operating expenses that could adversely affect our operating results and our ability to make distributions to stockholders. Our leases with our TRS lessees require our TRS lessees to pay us rent based in part on revenues from our hotels. Our operating risks include decreases in hotel revenues and increases in hotel operating expenses, including but not limited to the increases in wage and benefit costs, repair and maintenance expenses, energy costs, insurance

costs and other operating expenses, which would adversely affect our TRS lessees' ability to pay us rent due under the leases. Increases in these operating expenses can have a significant adverse impact on our financial condition, results of operations, the market price of our common shares and our ability to make distributions to our stockholders. Our ownership of our TRS, and any other TRSs we form, will be subject to limitations and our transactions with our TRS, and any other TRSs we form, will cause us to be subject to a 100 % penalty tax on certain income or deductions if those transactions are not conducted on arm's-length terms. Overall, no more than 20 % of the value of a REIT's assets may consist of stock or securities of one or more TRSs. In addition, the Code limits the deductibility of interest paid or accrued by a TRS to its parent REIT to assure that the TRS is subject to an appropriate level of corporate taxation. The Code also imposes a 100 % excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm's-length basis. The 100 % tax would apply, for example, to the extent that we were found to have charged our TRS lessees rent in excess of an arm's-length rent. We will monitor the value of our investment in our TRS for the purpose of ensuring compliance with TRS ownership limitations and will structure our transactions with our TRS on terms that we believe are arm's length to avoid incurring the 100 % excise tax described above. There can be no assurance, however, that we will be able to comply with the 20 % TRS limitation or to avoid application of the 100 % excise tax. If the leases of our hotels to our TRS lessees are not respected as true leases for U. S. federal income tax purposes, we may fail to qualify as a REIT. To maintain our qualification as a REIT, we must annually satisfy two gross income tests, under which specified percentages of our gross income must be derived from certain sources, such as "rents from real property." Rents paid to our Operating Partnership by our TRS lessees pursuant to the leases of our hotels will constitute substantially all of our gross income. In order for such rent to qualify as "rents from real property" for purposes of the gross income tests, the leases must be respected as true leases for U. S. federal income tax purposes and not be treated as service contracts, financing arrangements, joint ventures or some other type of arrangement. If our leases are not respected as true leases for U. S. federal income tax purposes, we will fail to qualify as a REIT. Rent paid by a lessee that is a "related party tenant" of ours will not be qualifying income for purposes of the two gross income tests applicable to REITs. An exception is provided, however, for leases of "qualified lodging facilities" (as defined below) to a TRS so long as the hotels are managed by an "eligible independent contractor" and certain other requirements are satisfied. We expect to lease all, or substantially all, of our hotels to our TRS lessees and to engage hotel management companies that qualify as "eligible independent contractors." Among other requirements, in order to qualify as an eligible independent contractor, the hotel manager must not own, directly or through its stockholders, more than 35 % of our outstanding shares, and no person or group of persons can own more than 35 % of our outstanding shares and the shares (or ownership interest) of the hotel manager, taking into account certain ownership attribution rules. The ownership attribution rules that apply for purposes of these 35 % thresholds are complex, and monitoring actual and constructive ownership of our shares by our hotel managers and their owners may not be practical. Accordingly, there can be no assurance that these ownership levels will not be exceeded. In addition, for a hotel management company to qualify as an eligible independent contractor, such company or a related person must be actively engaged in the trade or business of operating "qualified lodging facilities" (as defined below) for one or more persons not related to the REIT or its TRSs at each time that such company enters into a hotel management contract with a TRS or its TRS lessee. We believe our current hotel managers operate qualified lodging facilities for certain persons who are not related to us or our TRS. However, no assurance can be provided that any of our current and future hotel managers will in fact comply with this requirement. Failure to comply with this requirement would require us to find other managers for future contracts, and, if we hired a management company without knowledge of the failure, it could jeopardize our status as a REIT. Finally, each property with respect to which our TRS lessees pay rent must be a "qualified lodging facility." A "qualified lodging facility" is a hotel, motel or other establishment more than one-half of the dwelling units in which are used on a transient basis, including customary amenities and facilities, provided that no wagering activities are conducted at or in connection with such facility by any person who is engaged in the business of accepting wagers and who is legally authorized to engage in such business at or in connection with such facility. We believe that the hotels that are leased to our TRS lessees are qualified lodging facilities. Although we intend to monitor future acquisitions and improvements of properties, REIT provisions of the Code provide only limited guidance for making determinations under the requirements for qualified lodging facilities, and there can be no assurance that these requirements will be satisfied. To maintain our qualification as a REIT, we must ensure that we meet the REIT gross income tests annually and that at the end of each calendar quarter, at least 75 % of the value of our assets consists of cash, cash items, government securities and qualified real estate assets. The remainder of our investment in securities (other than government securities and qualified real estate assets) generally cannot include more than 10 % of the outstanding voting securities of any one issuer or more than 10 % of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5 % of the value of our assets (other than government securities and qualified real estate assets) can consist of the securities of any one issuer, no more than 25 % of the value of our assets can consist of debt of publicly offered REITs (i. e. REITs that are required to file annual and period reports with the SEC under the Exchange Act) that is not secured by real property, and no more than 20 % of the value of our total assets can be represented by securities of one or more TRSs. If we fail to comply with these requirements at the end of any calendar quarter, we must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing our REIT qualification and suffering adverse tax consequences. As a result, we may be required to liquidate from our portfolio, or contribute to a TRS, otherwise attractive investments in order to maintain our qualification as a REIT. These actions could have the effect of reducing our income and amounts available for distribution to our stockholders. In addition, we may be required to make distributions to stockholders at disadvantageous times or when we do not have funds readily available for distribution, and may be unable to pursue investments that would otherwise be advantageous to us in order to satisfy the source of income or asset diversification requirements for qualifying as a REIT. Thus, compliance with the REIT requirements may hinder our ability to make, and, in certain cases, maintain ownership of, certain attractive investments. From time to time, we dispose of properties in transactions that are intended to qualify as like-

kind exchanges pursuant to Section 1031 of the Code (" Section 1031 Exchanges"). It is possible that the qualification of a transaction as a Section 1031 Exchange could be successfully challenged and determined to be currently taxable or that we may be unable to identify and complete the acquisition of a suitable replacement property to **effect affect** a Section 1031 Exchange. In such case, our taxable income and earnings and profits would increase. In addition, in some circumstances, we may be required to pay additional dividends or, in lieu of that, corporate income tax, possibly including interest and penalties. As a result, we may be required to borrow funds in order to pay additional dividends or taxes and the payment of such taxes could cause us to have less cash available to distribute to our stockholders or service our indebtedness. In addition, if a Section 1031 Exchange were later to be determined to be taxable, we may be required to amend our tax returns for the applicable year in question, including any information reports we sent our stockholders, and we may be required to make a special dividend payment to our shareholders if we are unable to mitigate the taxable gains realized. Moreover, Section 1031 Exchanges now only apply to real property and do not apply to any related personal property transferred with the real property. As a result, any appreciated personal property that is transferred in connection with a Section 1031 Exchange of real property will cause gain to be recognized, and such gain is generally treated as non-qualifying income for the REIT 95 % and 75 % gross income tests. Any such non-qualifying income could have an adverse effect on our REIT status. A REIT's net income from prohibited transactions is subject to a 100 % tax. In general, prohibited transactions are sales or other dispositions of property, other than foreclosure property, held primarily for sale to customers in the ordinary course of business. We may be subject to the prohibited transactions tax upon a disposition of real property. Although a safe harbor to the characterization of the sale of real property by a REIT as a prohibited transaction is available, we cannot assure you that we can comply with the safe harbor or that we will avoid owning property that may be characterized as held primarily for sale to customers in the ordinary course of business. Consequently, we may choose not to engage in certain sales of real property or may conduct such sales through a TRS. We may pay taxable dividends in cash and our common stock, in which case stockholders may sell shares of our common stock to pay tax on such dividends, placing downward pressure on the market price of our common stock. We may distribute taxable dividends that are payable in cash and common stock at the election of each stockholder. If we made a taxable dividend payable in cash and common stock, taxable stockholders receiving such dividends will be required to include the full amount of the dividend as ordinary income to the extent of our current and accumulated earnings and profits, as determined for U. S. federal income tax purposes. As a result, stockholders may be required to pay income tax with respect to such dividends in excess of the cash dividends received. If a U. S. stockholder sells the common stock that it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our common stock at the time of the sale. Furthermore, with respect to certain non- U. S. stockholders, we may be required to withhold U. S. federal income tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in common stock. If we made a taxable dividend payable in cash and our common stock and a significant number of our stockholders determine to sell shares of our common stock in order to pay taxes owed on dividends, it may put downward pressure on the trading price of our common stock. Qualified dividend income payable to U. S. investors that are individuals, trusts, and estates is subject to the reduced maximum tax rate applicable to long- term capital gains. Dividends payable by REITs, however, are generally not eligible for the reduced rates on qualified dividend income. For taxable years beginning before January 1, 2026, non- corporate taxpayers may deduct up to 20 % of certain pass- through business income, including " qualified REIT dividends " (generally, dividends received by a REIT stockholder that are not designated as capital gain dividends or qualified dividend income), subject to certain limitations. Although the reduced U. S. federal income tax rate applicable to qualified dividend income does not adversely affect the taxation of REITs or dividends payable by REITs, the more favorable rates applicable to regular corporate qualified dividends and the reduced corporate tax rate could cause certain non- corporate investors to perceive investments in REITs to be relatively less attractive than investments in the stocks of non- REIT corporations that pay dividends, which could adversely affect the value of the shares of REITs, including our common stock. The REIT provisions of the Code could substantially limit our ability to hedge the risks inherent to our operations. Under current law, any income that we generate from transactions intended to hedge our interest rate or currency risks will be excluded from gross income for purposes of the REIT 75 % and 95 % gross income tests if (i) the instrument hedges risk of interest rate or currency fluctuations on indebtedness incurred or to be incurred to carry or acquire real estate assets, (ii) the instrument hedges risk of currency fluctuations with respect to any item of income or gain that would be qualifying income under the REIT 75 % or 95 % gross income tests, or (iii) the instrument was entered into to " offset " certain instruments described in clauses (i) or (ii) of this sentence and certain other requirements are satisfied and such instrument is properly identified under applicable Treasury Regulations. Income from hedging transactions that do not meet these requirements is likely to constitute nonqualifying income for purposes of both the REIT 75 % and 95 % gross income tests. As a result of these rules, we may have to limit our use of hedging techniques that might otherwise be advantageous to us or implement those hedges through our TRS. This could increase the cost of our hedging activities because our TRS would be subject to tax on gains or expose us to greater risks associated with interest rate fluctuations or other changes than we would otherwise want to bear. Our charter provides that our Board of Directors may revoke or otherwise terminate our REIT election, without the approval of our stockholders, if it determines that it is no longer in our best interest to continue to qualify as a REIT. If we cease to be a REIT, we would become subject to U. S. federal income tax on our taxable income and would no longer be required to distribute most of our taxable income to our stockholders, which may have adverse consequences on the total return to our stockholders.

**Risks Related to Our Common Stock** The stock ownership restrictions of the Code for REITs and the 9.8 % stock ownership limit in our charter may inhibit market activity in our capital stock and restrict our business combination opportunities. In order to maintain our qualification as a REIT for each taxable year after our first taxable year as a REIT, five or fewer individuals, as defined in the Code, may not own, beneficially or constructively, more than 50 % in value of our issued and outstanding capital stock at any time during the last half of a taxable year. Attribution rules in the Code determine if any individual or entity beneficially or

constructively owns our capital stock under this requirement. Additionally, at least 100 persons must beneficially own our capital stock during at least 335 days of a taxable year for each taxable year after our first taxable year as a REIT. To help ensure that we meet these tests, our charter restricts the acquisition and ownership of shares of our capital stock. Our charter authorizes our directors to take such actions as are necessary and advisable to preserve our qualification as a REIT. Unless exempted by our Board of Directors (prospectively or retroactively), our charter prohibits any person or group (as defined in our charter) from beneficially or constructively owning more than 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of any class or series of our capital stock. Our Board of Directors may not grant an exemption from these restrictions to any proposed transferee whose ownership in excess of 9.8% of the value of our outstanding shares would result in our failing to qualify as a REIT. These restrictions on transferability and ownership will not apply, however, if our Board of Directors determines that it is no longer in our best interest to continue to qualify as a REIT or that compliance is no longer required in order for us to qualify as a REIT. We may be subject to adverse legislative or regulatory tax changes that could reduce the market price of our common stock. The present U. S. federal income tax treatment of REITs may be modified, possibly with retroactive effect, by legislative, judicial or administrative action at any time, which could affect the U. S. federal income tax treatment of an investment in our stock. The U. S. federal tax rules that affect REITs are under review constantly by persons involved in the legislative process, the Internal Revenue Service and the U. S. Treasury Department, which results in statutory changes as well as frequent revisions to Treasury regulations and interpretations. Revisions in U. S. federal tax laws and interpretations thereof could cause us to change our investments and commitments, which could also affect the tax considerations of an investment in our stock. We cannot predict the long-term effect of any future law changes on REITs and their stockholders, and we and our stockholders could be adversely affected by any such change. The market price of our shares may fluctuate widely and there can be no assurance that the market for our stock will provide you with adequate liquidity. The market price of our common stock may fluctuate widely, depending on many factors, some of which may be beyond our control, including:

- actual or anticipated differences in our operating results, liquidity, or financial condition;
- changes in our revenues, Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"), EBITDA real estate ("EBITDAre"), Adjusted EBITDAre ("Adjusted EBITDAre"), Funds From Operations ("FFO"), Adjusted FFO ("Adjusted FFO"), or earnings estimates;
- publication of research reports about us, our hotels, or the lodging or overall real estate industry;
- failure to meet earnings guidance that we may provide periodically or analysts' revenue or earnings estimates;
- the extent of institutional investor interest in us;
- the reputation of REITs and real estate investments generally and the attractiveness of REIT equity securities in comparison to other equity securities, including securities issued by other real estate companies, and fixed income securities;
- additions and departures of key personnel;
- the performance and market valuations of other similar companies;
- strategic actions by us or our competitors, such as mergers, acquisitions or restructurings;
- fluctuations in the stock price and operating results of our competitors;
- the passage of legislation or other regulatory developments that adversely affect us or our industry;
- the realization of any of the other risk factors presented in this Annual Report;
- speculation in the press or investment community;
- changes in accounting principles;
- events beyond our control, such as wars, terrorist or cyber-attacks, travel-related health concerns, including pandemics, government shutdowns and closures, and natural disasters; and
- general market and economic conditions, including factors unrelated to our operating performance, including inflationary pressures and concerns over an economic slowdown. Stock markets in general have experienced volatility that has often been unrelated to the operating performance of a particular company. These broad market fluctuations may adversely affect the trading price of our common stock. Significant sales of our common stock, or the perception that significant sales of such shares could occur, may cause the price of our common stock to decline significantly. A large volume of issuances or sales and / or sales made by our current executive officers of shares of our common stock could decrease the market price of our common stock and could impair our ability to raise additional capital through the sale of equity securities in the future. Even if a substantial number of issuances or sales of our shares are not affected, the mere perception of the possibility of these sales could depress the market price of our common stock and have a negative effect on our ability to raise capital in the future. In addition, anticipated downward pressure on our common stock price due to actual or anticipated sales of common stock from this market overhang could cause some institutions or individuals to engage in short sales of our common stock, which may itself cause the price of our common stock to decline. Future sales or distributions of our common stock may negatively affect the market price of our common stock. A large volume of issuances or sales of shares of our common stock could decrease the market price of our common stock and could impair our ability to raise additional capital through the sale of equity securities in the future. Even if a substantial number of issuances or sales of shares of our common stock are not ~~affected~~ **affected**, the mere perception of the possibility of these sales could depress the market price of our common stock and have a negative effect on our ability to raise capital in the future. In addition, anticipated downward pressure on our common stock price due to actual or anticipated issuances or sales of common stock could cause some institutions or individuals to engage in short sales of our common stock, which may itself cause the price of our common stock to decline. In addition, future issuances of shares of our common stock may be dilutive to existing stockholders. Our cash available for distribution to stockholders may not be sufficient to pay distributions at expected or required levels, and we may need external sources in order to make such distributions, or we may not be able to make such distributions at all, which could cause the market price of our common stock to decline significantly. All distributions will be made at the discretion of our Board of Directors and will depend on our historical and projected results of operations, EBITDAre, Adjusted EBITDAre, FFO, Adjusted FFO, liquidity and financial condition, REIT qualification, debt service requirements, capital expenditures and operating expenses, prohibitions and other restrictions under our financing arrangements and applicable law and other factors as our Board of Directors may deem relevant from time to time. No assurance can be given that our projections will prove accurate or that any level of distributions will be made or sustained or achieve a market yield. We may not be able to make distributions in the future or may need to consider various funding sources to cover any shortfall, including borrowing under the revolving **line of** credit

facility, selling certain of our assets or using a portion of the net proceeds we receive from future offerings of equity, equity-related or debt securities or declaring taxable share dividends. Any of the foregoing could cause the market price of our common stock to decline significantly. The indentures governing the Senior Notes (the "indentures") may limit our ability to make dividends, distributions and other restricted payments. The indentures restrict the Operating Partnership from making any dividend or other distribution with respect to any of its equity interests if a default or event of default, other than distributions to the Operating Partnership's partners, including us, in an amount per fiscal year required to maintain our REIT status and avoid the payment of federal income or excise tax. These limitations could cause the market price of our common stock to decline significantly. Future additional issuances of debt securities, which would rank senior to our common stock upon our liquidation, and future issuances of equity securities (including Operating Partnership Units and preferred equity securities), which would dilute the holdings of our existing common stockholders and may be senior to our common stock for the purposes of making distributions, periodically or upon liquidation, may negatively affect the market price of our common stock. In the future, we may issue debt or equity securities or incur other borrowings. Upon our liquidation, holders of our debt securities and other loans and preferred shares will receive a distribution of our available assets before common stockholders. If we incur additional debt in the future, our future interest costs could increase, and adversely affect our liquidity, FFO, Adjusted FFO and results of operations. In March 2018, we established our ATM program with a syndicate of five banks ("Agents"), pursuant to which we may sell, from time to time, up to an aggregate sales price of \$200 million to or through the Agents. From time to time, we may refresh or implement a new ATM program. We are not required to offer any additional equity securities to existing common stockholders on a preemptive basis. Therefore, additional common stock issuances, directly or through convertible or exchangeable securities (including Operating Partnership Units), warrants or options, will dilute the holdings of our existing common stockholders and such issuances or the perception of such issuances may reduce the market price of our common stock. Because our decision to issue debt or equity securities or incur other borrowings in the future will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing, nature or success of our future capital raising efforts. Thus, common stockholders bear the risk that our future issuances of debt or equity securities or our incurrence of other borrowings will negatively affect the market price of our common stock. As with any publicly traded company, your percentage ownership in us may be diluted in the future because of equity issuances for acquisitions, capital market transactions or otherwise, including, without limitation, issuances pursuant to our ATM program and equity awards that may be granted to our directors, officers, employees, and consultants. Our Board of Directors has approved an Incentive Award Plan (the "Plan"), which provides for the grant of cash and equity-based awards to our directors, officers, employees, and consultants. We reserved 9,000,000 shares of our common stock for issuance or transfer pursuant to awards under the Plan, which may be amended from time to time and may increase the number of shares of our common stock for issuance. For a more detailed description of the Plan, see "Part III-Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters." If securities analysts do not publish research or reports about our business or if they downgrade our stock or our sector, our stock price and trading volume could decline. The trading market for our common stock will rely in part on the research and reports that industry or financial analysts publish about us or our business. We do not control these analysts. Furthermore, if one or more of the analysts who do cover us downgrade our stock or our industry, or the stock of any of our competitors, or publish inaccurate or unfavorable research about our business or our industry, the price of our common stock could decline. If one or more of these analysts ceases coverage of us or fails to publish reports on us regularly, we could lose viability in the market, which in turn could cause our stock price or trading volume to decline. Increases in market interest rates may reduce demand for our common stock and result in a decline in the market price of our common stock. The market price of our common stock may be influenced by the dividend yield on our common stock (i.e. the amount of our annual distributions as a percentage of the market price of our common stock) relative to market interest rates. An increase in market interest rates may lead prospective purchasers of our common stock to expect a higher distribution yield, which we may not be able, or may choose not, to provide. Higher interest rates would also likely increase our borrowing costs and decrease our net income and cash available for distribution. Thus, higher market interest rates could cause the market price of our common stock to decline. Risks Related to Our Organization and Corporate Structure Under Maryland law, generally, a director is required to perform his or her duties in good faith, in a manner he or she reasonably believes to be in our best interest and with the care that an ordinarily prudent person in a like position would use under similar circumstances. Under Maryland law, directors are presumed to have acted in accordance with this standard of conduct. In addition, our charter eliminates the liability of our directors and officers to us and our stockholders for monetary damages, except for liability resulting from: • actual receipt of an improper benefit or profit in money, property or services; or • active and deliberate dishonesty by the director or officer that was established by a final judgment as being material to the cause of action adjudicated. Our charter authorizes us to obligate ourselves and our bylaws obligate us, to the maximum extent permitted by Maryland law in effect from time to time, to indemnify and to pay or reimburse reasonable expenses in advance of final disposition of a proceeding to any present or former director or officer who is made or threatened to be made a party to the proceeding by reason of his or her service to us in that capacity. As a result, we and our stockholders may have more limited rights against our directors and officers than might otherwise exist absent the current provisions in our charter and bylaws. Certain provisions of the Maryland General Corporation Law, or "MGCL", may have the effect of deterring a third-party from making a proposal to acquire us or of impeding a change in our control under circumstances that otherwise could provide the holders of our common stock with the opportunity to realize a premium over the then-prevailing market price of our common stock, including: • "business combination" provisions that, subject to limitations, prohibit certain business combinations between us and an "interested stockholder" (defined generally as any person who beneficially owns, directly or indirectly, 10% or more of the voting power of our outstanding voting stock or an affiliate or associate of ours who was the beneficial owner, directly or indirectly, of 10% or more of the voting power of our then outstanding voting stock at any time within the two-year period immediately prior to the date in question) for five years

after the most recent date on which the stockholder becomes an interested stockholder, and thereafter impose fair price and / or super majority stockholder voting requirements on these combinations; and "control share" provisions that provide that "control shares" of our company (defined as voting shares that, when aggregated with other shares controlled by the stockholder, entitle the stockholder to exercise one of three increasing ranges of voting power in electing directors) acquired in a "control share acquisition" (defined as the direct or indirect acquisition of ownership or control of issued and outstanding control shares) have no voting rights except to the extent approved by our stockholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding all interested shares. As permitted by Maryland law, we have elected, by resolution of our Board of Directors, to opt out of the business combination provisions of the MGCL, provided that such business combination has been approved by our Board of Directors (including a majority of directors who are not affiliated with the interested stockholder), and, pursuant to a provision in our bylaws, to exempt any acquisition of our stock from the control share provisions of the MGCL. However, our Board of Directors may by resolution elect to repeal the exemption from the business combination provisions of the MGCL and may by amendment to our bylaws opt into the control share provisions of the MGCL at any time in the future. As a holding company that conducts substantially all of our operations through our Operating Partnership, we rely on distributions from our Operating Partnership to pay any dividends we might declare on shares of our common stock. We also rely on distributions from our Operating Partnership to meet any of our obligations, including any tax liability on taxable income allocated to us from our Operating Partnership. In addition, because we are a holding company, your claims as stockholders will be structurally subordinated to all existing and future liabilities and obligations (whether or not for borrowed money) of our Operating Partnership and its subsidiaries. Therefore, in the event of our bankruptcy, liquidation or reorganization, our assets and those of our Operating Partnership and its subsidiaries will be able to satisfy the claims of our stockholders only after all of our and our Operating Partnership's and its subsidiaries' liabilities and obligations have been paid in full. We own 97.96.04% of the Operating Partnership Units and the remaining 3.06% of the Operating Partnership Units are owned by the other limited partners comprised of our executive officers and current or former members of our Board of Directors. However, in connection with our future acquisition of properties or otherwise, we may issue Operating Partnership Units to third-parties. Such issuances would reduce our ownership in our operating partnership. Because you will not directly own units of our Operating Partnership, you will not have any voting rights with respect to any such issuances or other partnership level activities of our Operating Partnership. No more than 50% of the outstanding shares of our common stock may be beneficially owned, directly or indirectly, by five or fewer individuals at any time during the last half of each taxable year (other than our first taxable year for which an election to be a REIT was made). Unless exempted by our Board of Directors, prospectively or retroactively, our charter prohibits any person or group (as defined in our charter) from owning more than 9.8% in value or in number of shares, whichever is more restrictive, of the outstanding shares of any class or series of our capital stock. These provisions may have the effect of delaying, deferring or preventing a change in control of us, including an extraordinary transaction such as a merger, tender offer or sale of all or substantially all of our assets that might involve a premium price for holders of our common stock. If anyone transfers shares in a way that would violate the ownership limit, or prevent us from maintaining our qualification as a REIT under the U. S. federal income tax laws, those shares instead will be transferred to a trust for the benefit of a charitable beneficiary and will be either redeemed by us or sold to a person whose ownership of the shares will not violate the ownership limit. If this transfer to a trust fails to prevent such a violation or our continued qualification as a REIT, then the initial intended transfer shall be null and void from the outset. The intended transferee of those shares will be deemed never to have owned the shares. Anyone who acquires shares in violation of the ownership limit or the other restrictions on transfer in our charter bears the risk of suffering a financial loss when the shares are redeemed or sold if the market price of our shares falls between the date of purchase and the date of redemption or sale. Our Board of Directors is permitted, subject to certain restrictions set forth in our charter, to authorize the issuance of up to 500,000,000 shares of common stock and 50,000,000 shares of preferred stock without stockholder approval. Further, our Board of Directors may classify or reclassify any unissued shares of common or preferred stock into other classes or series of stock and establish the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications, and terms or conditions of redemption of the stock and may amend our charter from time to time to increase or decrease the aggregate number of shares or the number of shares of any class or series that we have authority to issue without stockholder approval. Thus, our Board of Directors could authorize us to issue shares of preferred stock with terms and conditions that could subordinate the rights of the holders of our common stock or shares of preferred stock or common stock that could have the effect of delaying, deferring or preventing a change in control of us, including an extraordinary transaction such as a merger, tender offer or sale of all or substantially all of our assets, that might provide a premium price for holders of our common stock. Our conflict of interest policy may not be successful in eliminating the influence of future conflicts of interest that may arise between us and our directors, officers and employees. Our conflict of interest policy provides that any transaction, agreement or relationship in which any of our directors, officers or employees has a material direct or indirect pecuniary interest must be approved by a majority of our disinterested directors. Other than this, however, we may not adopt additional formal procedures for the review and approval of conflict of interest transactions generally. As such, our policies and procedures may not be successful in eliminating the influence of conflicts of interest. Conflicts of interest could arise in the future between the interests of our stockholders and the interests of any holders of Operating Partnership Units in our Operating Partnership, which may impede business decisions that could benefit our stockholders. Conflicts of interest could arise as a result of the relationships between us and our affiliates, on the one hand, and our Operating Partnership or any partner thereof, on the other. Our directors and officers who own interest interests in our Operating Partnership have duties to us under applicable Maryland law in connection with their management of our company. At the same time, XHR GP, Inc., our wholly-owned subsidiary, as general partner of our Operating Partnership, has fiduciary duties and obligations to our Operating Partnership and its limited partners under Delaware law and the partnership agreement of our Operating Partnership in

connection with the management of our Operating Partnership. Our duties as general partner to our Operating Partnership and its partners may come into conflict with the duties of our directors and officers to our company. These conflicts may be resolved in a manner that is not in the best interests of our stockholders. Provisions in the partnership agreement for our Operating Partnership may delay or make more difficult unsolicited acquisitions of us or changes in our control. These provisions could discourage third- parties from making proposals involving an unsolicited acquisition of us or a change in our control, although some stockholders might consider such proposals, if made, desirable. Our investment policies may change over time. The methods of implementing our investment policies may also vary, as new investment techniques are developed. Our investment policies, the methods for implementing them, and our other objectives, policies and procedures may be altered by a majority of the directors without the approval of our stockholders. As a result, the nature of your investment could change without your consent. A change in our investment strategy may, among other things, increase our exposure to interest rate risk, default risk and commercial real property market fluctuations, all of which could materially and adversely affect our ability to achieve our investment objectives. Our Board of Directors may approve very broad investment guidelines and has approved investment and financing guidelines for us. Our Board of Directors may not always review or approve each investment or financing decision made by our senior management team. Our Board of Directors may authorize our senior management team to follow broad investment guidelines and has approved certain investment and financing guidelines, and as a result, we expect that our senior management team will have latitude, and in some instances, certain levels of discretion and authority in determining the assets that are proper investments for us, as well as the individual investment decisions, and how we finance such investments. Our senior management team may make investments with lower rates of return than those anticipated under current market conditions and / or may make investments with greater risks to achieve those anticipated returns. We expect that our Board of Directors may not always approve each proposed investment or financing strategy by our senior management team. General Risks The departure of any of our key personnel who have significant experience and relationships in the lodging industry could materially and adversely impede or impair our ability to compete effectively and limit future growth prospects. We depend on the experience and relationships of our senior management team to manage our day- to- day operations and strategic business direction. Our senior management team has an extensive network of lodging industry contacts and relationships, including relationships with global and national hotel brands, hotel owners, financiers, third- party management companies, commercial real estate brokers, developers and management companies. We can provide no assurances that any of our key personnel will continue their employment with us. The loss of services of our senior management team, or any difficulty attracting and retaining other talented and experienced personnel, could adversely affect our ability to source potential investment opportunities, our relationship with global and national hotel brands and other industry participants and the execution of our business strategy. Further, such a loss could be negatively perceived by financial analysts and the investment community, which could reduce the market value of our common stock. Compliance or failure to comply with the Americans with Disabilities Act and other safety regulations and requirements could result in substantial costs. Under the Americans with Disabilities Act of 1990 and the Accessibility Guidelines promulgated thereunder (" 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, which could result in substantial capital expenditures, and non- compliance could result in the U. S. government imposing fines or in private litigants winning damages. Our hotels also are subject to various federal, state and local regulatory requirements, such as state and local fire and life safety requirements. If we fail to comply with these requirements, we could incur fines or private damage awards. We do not know whether existing requirements will change or whether compliance with future requirements would require significant unanticipated expenditures that would affect our cash flow and results of operations. If we incur substantial costs to comply with the ADA or other safety regulations and requirements, it could materially and adversely affect our revenues and profitability. We could incur significant, material costs related to government regulation and litigation with respect to environmental matters, which could materially and adversely affect our revenues and profitability as well as limit or slow our future growth. Our hotels are subject to various U. S. federal, state and local environmental laws that impose liability for contamination. Under these laws, governmental entities have the authority to require us, as the current owner of a hotel, to perform or pay for the clean- up of contamination (including hazardous substances, asbestos and asbestos- containing materials, waste or petroleum products) at, on, under or emanating from the hotel and to pay for natural resource damages arising from such contamination. Such laws often impose liability without regard to whether the owner or operator or other responsible party knew of, or caused such contamination, and the liability may be joint and several. Because these laws also impose liability on persons who owned a property at the time it became contaminated, it is possible we could incur cleanup costs or other environmental liabilities even after we sell hotels. Contamination at, on, under or emanating from our hotels also may expose us to liability to private parties for costs of remediation and / or personal injury or property damage. In addition, environmental laws may create liens on contaminated sites in favor of the government for damages and costs it incurs to address such contamination. If contamination is discovered on our properties, environmental laws also may impose restrictions on the manner in which the properties may be used or businesses may be operated, and these restrictions may require substantial expenditures. Moreover, 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 on favorable terms or at all. Furthermore, persons who sent waste to a waste disposal facility, such as a landfill or an incinerator, may be liable for costs associated with cleanup of that facility. In addition, our hotels are subject to various federal, state, and local environmental, health and safety laws and regulations that address a wide variety of issues, including, but not limited to, storage tanks, air emissions from emergency generators, storm water and wastewater discharges, lead- based paint, mold and mildew, and waste management. Some of our hotels routinely handle and use hazardous or regulated substances and wastes as part of their operations, which substances and wastes are subject to regulation (e. g., swimming pool chemicals and cleaning solvents for on- site dry cleaners). Our hotels incur costs to comply with these environmental, health and safety laws and regulations and could

be subject to fines and penalties for non-compliance with applicable requirements, as well as claims from contamination or exposure to harmful substances or environmental conditions. Certain of our hotels contain, and those that we acquire in the future may contain, or may have contained, asbestos-containing material ("ACM"). Federal, state and local environmental, health and safety laws require that ACM be properly managed and maintained, and include requirements to undertake special precautions, such as removal or abatement, if ACM would be disturbed during maintenance, renovation or demolition of a building. Such laws regarding ACM may impose fines and penalties on building owners, employers and operators for failure to comply with these requirements. In addition, third-parties may seek recovery from owners or operators for personal injury associated with exposure to asbestos-containing building materials. When excessive moisture accumulates in buildings or on building materials, mold growth may occur, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Indoor air quality issues can also stem from inadequate ventilation, chemical contamination from indoor or outdoor sources, and other biological contaminants such as pollen, viruses and bacteria. Indoor exposure to airborne toxins or irritants above certain levels can be alleged to cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne contaminants at any of our hotels could require us to undertake a costly remediation program to contain or remove the mold or other airborne contaminants from the affected property or increase indoor ventilation, as well as make some of our rooms (or, in extreme cases, entire hotels) unavailable for extended periods, adversely affecting our revenues. In addition, the presence of significant mold or other airborne contaminants could expose us to liability to third-parties if property damage or personal injury occurs. Liabilities and costs associated with environmental contamination at, on, under or emanating from our properties, defending against claims related to alleged or actual environmental issues, or complying with environmental, health and safety laws could be material and could materially and adversely affect us. We can make no assurances that changes in current laws or regulations or future laws or regulations will not impose additional or new material environmental liabilities or that the current environmental condition of our hotels will not be affected by our operations, the condition of the properties in the vicinity of our hotels, or by third-parties unrelated to us. Adverse environmental conditions at any of our properties could also result in injury to our reputation and reduce our revenues. The discovery of material environmental liabilities or other environmental conditions at our properties could subject us to unanticipated significant costs and reduce our revenues, which could significantly reduce or eliminate our profitability and the cash available for distribution to our stockholders. We face risks associated with natural disasters and the physical effects of climate change, which may include more frequent or severe storms, hurricanes, flooding, rising sea levels, shortages of water, droughts and wildfires, as well as efforts to mitigate or adapt to climate change, any of which could have a material adverse effect on our properties, operations and business. We are subject to the risks associated with natural disasters and the physical effects of climate change, which may include more frequent and / or severe storms, hurricanes, flooding, freeze events, **heatwaves**, rising sea levels, shortages of water, droughts and wildfires, any of which could have a material adverse effect on our properties, operations and business. Climate change may also affect our business by increasing the cost of (or making unavailable) property insurance on terms we find acceptable in areas most vulnerable to such events, increasing operating costs at our hotel properties, such as the cost of water or energy, and requiring us to expend funds as we seek to repair and protect our hotel properties against such risks. There can be no assurance that climate change will not have a material adverse effect on our hotel properties, operations or business. To the extent climate change causes changes in weather patterns, our coastal markets could also experience increases in storm frequency and / or intensity and rising sea-levels causing damage to our hotel properties. As a result, we could become subject to significant losses, **litigation** and / or repair costs that may not be fully covered by insurance. Other markets may experience prolonged variations in temperature or precipitation that limit access to the water needed to operate our hotel properties or significantly increase energy costs, which may subject those properties to additional regulatory burdens, such as limitations on water usage or stricter energy efficiency standards **or limitations on energy usage**. Climate change may result in increased energy and water costs and may also change the comparative attractiveness of certain travel locations or result in people migrating from certain locations to other locations. As a result, some of our hotel properties may be more or less in demand in the future. Additionally, our business is exposed to risks associated with societal efforts to mitigate or respond to climate change, including but not limited to regulatory developments and changes in market demand. For example, some state and local governments have adopted, or considered adopting, restrictions on water use or GHG emissions. Separately, the SEC has proposed disclosure requirements that would require companies to disclose a range of climate-related information, which may require us to incur substantial monitoring and compliance costs. **Consumers are also increasingly aware of the climate change-related impact of travel and may change their traveling preferences or behaviors as a result.** These and other risks may reduce demand for our properties or otherwise result in adverse impacts to our business, financial condition, and results of operations. Increasing attention to, and evolving expectations for, environmental, social, and governance matters may increase our costs, harm our reputation, or otherwise adversely impact our business. Companies across industries are facing increasing scrutiny from a variety of stakeholders related to their ESG practices. Expectations regarding voluntary ESG initiatives and disclosures may result in increased costs (including but not limited to increased costs related to compliance, stakeholder engagement, contracting and insurance), changes in demand for certain offerings, enhanced compliance or disclosure obligations, or other adverse impacts to our business, financial condition, or results of operations. While we may at times engage in voluntary initiatives (such as voluntary disclosures, certifications, or goals, among others) or commitments to improve the ESG profile of our company and / or offerings, such initiatives or achievement of such commitments may be costly and may not have the desired effect. For example, expectations around company's management of ESG matters continues to evolve rapidly, in many instances due to factors that are out of our control. While we commit to certain initiatives or goals, we may not ultimately be able to achieve them due to cost, technological, or other constraints, **including matters that are outside of our control**. Additionally, certain disclosures or targets, **goals or commitments** may be based on assumptions, estimates, hypothetical expectations, or third-party information,

which are necessarily uncertain and may be prone to errors or subject to misinterpretation given the long timelines involved and the lack of an established single approach to identifying, measuring and reporting on many ESG matters. **Our disclosures on these matters, a failure to satisfy evolving stakeholder expectations for ESG practices and reporting, or a failure to meet our commitments or targets on our established timeline may potentially harm our reputation and negatively impact our relationships with certain investors and other stakeholders.** Even if this is not the case, our current actions may subsequently be determined to be insufficient by various stakeholders, and we may be subject to various adverse consequences or investor or regulator engagement on our ESG initiatives and disclosures, even if such initiatives are currently voluntary.

**Certain market participants. In addition, various policymakers have adopted, or are considering adopting, requirements for extensive disclosures on climate-related and / or other ESG information, which may require us to incur significant additional costs to comply**, including **major institutional investors and capital providers the implementation of significant new internal controls on matters historically not subject to such controls**, **use third-party benchmarks and scores to assess companies' ESG profiles** **and impose increased oversight obligations on our management and Board of Directors. Simultaneously, there are efforts by some stakeholders to reduce companies' efforts on certain ESG-related matters** **party benchmarks and scores to assess companies' ESG profiles** **in making investment or voting decisions.** **Both advocates** **Unfavorable ESG ratings could lead to increased negative investor sentiment towards us, which could negatively impact our share price as well as our access to and** **opponents to certain** **cost of capital. To the extent ESG matters negatively impact** **are increasingly resorting to a range of activism forms, including media campaigns and litigation, to advance their perspectives. To the extent we are subject to such litigation** **our or reputation activism**, it may also **impede** **require us to incur costs** **our or otherwise** **ability to compete as effectively to attract and retain employees or customers, which may adversely impact our** **business operations.** **In addition, we expect there will likely be increasing levels of regulation, disclosure-related and otherwise, with respect to ESG matters.** This and other **regulations stakeholder expectations** will likely lead to increased costs as well as scrutiny that could heighten all of the risks identified in this risk factor. Additionally, many of our **customers business partners** and suppliers may be subject to similar expectations, which may augment or create additional risks, including risks that may not be known to us. Uninsured and underinsured losses at our hotels could materially and adversely affect our revenues and profitability. We intend to maintain or require our third-party management companies to maintain comprehensive insurance on each of our current hotels and any hotels that we acquire, including property, liability, cyber, fire, and extended coverage, of the type and amount we believe are customarily obtained for or by hotel owners. There are no assurances that coverage will be available at reasonable rates and / or acceptable terms. Various types of catastrophic losses, like windstorms, earthquakes, wildfires, droughts, and floods caused by climate change or otherwise, and losses from foreign and domestic terrorist activities and mass casualty events may not be insurable, subject to higher deductibles and / or low sub-limits, or may not be economically insurable. Even when insurable, these policies may have high deductibles and / or high premiums. Lenders may require such insurance at our sole cost. Our failure to obtain such insurance could constitute a default under loan agreements, and / or our lenders may force us to obtain such insurance at unfavorable rates, which could materially and adversely affect our profitability and revenues. In the event of a substantial loss, our insurance coverage may not be sufficient to cover the full current market value or replacement cost of our lost investment. 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 mortgage debt or other financial obligations related to the hotel. 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, which could materially and adversely affect our profitability. In addition, insurance risks associated with potential acts of terrorism and catastrophic and mass casualty events could sharply increase the premiums we pay for coverage against property and casualty claims. With the enactment of the Terrorism Risk Insurance Program Reauthorization Act of 2007, U. S. insurers cannot exclude conventional, chemical, biological, nuclear and radiation terrorism losses. These insurers must make terrorism insurance available under their property and casualty insurance policies; however, this legislation does not regulate the pricing of such insurance. In many cases, mortgage lenders insist that commercial property owners purchase coverage against terrorism as a condition of providing mortgage loans. Such insurance policies may not be available at a reasonable cost, which could inhibit our ability to finance or refinance our hotels. In such instances, we may be required to provide other financial support, either through financial assurances or self-insurance, to cover potential losses. We may not have adequate coverage for such losses, which could materially and adversely affect our revenues and profitability as well as limit or slow our future growth. Market disruptions may adversely impact many aspects of our operating results and operating condition. During the global financial crisis that began in 2008, and following the onset of the COVID-19 pandemic in 2020, the domestic financial markets experienced unusual volatility, uncertainty and a tightening of liquidity in both the debt and equity capital markets. Credit spreads for major sources of capital widened significantly during the U. S. credit crisis as investors demanded a higher risk premium. Over the past twelve months, the Federal Reserve has raised interest rates to combat inflation which has negatively impacted the credit market as well as the capital markets. If there are continued periods of volatility and weakness in the capital and credit markets in the future, the availability of debt and equity financing could decline. Our business may be affected by market and economic challenges experienced by the U. S. or global economy or real estate industry as a whole or by the local economic conditions in the markets in which our hotels are located, including the dislocations in the credit markets and general global economic recession. For the following and other reasons, we cannot assure you that we will be profitable or that we will realize growth in the value of our investments. Specifically, these conditions may have the following consequences: • credit spreads for major sources of capital may widen if stockholders demand higher risk premiums or interest rates could increase, due to inflationary expectations, resulting in an increased cost for debt financing; • our ability to borrow on terms and conditions that we find acceptable may be

limited, which could result in our hotels generating lower overall economic returns and a reduced level of cash flow from what was anticipated at the time we acquired the asset, which could potentially impact our ability to make distributions to our stockholders, service our indebtedness or pursue acquisition opportunities, among other things; • the amount of capital that is available to finance hotels could diminish, which, in turn, could lead to a decline in hotel values generally, slow hotel transaction activity, and reduce the loan to value ratio upon which lenders are willing to lend; • the value of certain of our hotels may decrease below the amounts we paid for them, which would limit our ability to dispose of hotels at attractive prices or to obtain debt financing secured by these hotels and could reduce our ability to finance our business; • the value and liquidity of short-term investments, if any, could be reduced as a result of the dislocation of the markets for our short-term investments and increased volatility in market rates for these investments or other factors; and • one or more counterparties to derivative financial instruments that we may enter into could default on their obligations to us, or could fail, increasing the risk that we may not realize the benefits of these instruments.