2024 ANNUAL REPORT

BRAEMAR
HOTELS & RESORTS

Dear Fellow Shareholders,

2024 was a transitional year for Braemar and for the luxury lodging industry overall. Inflationary pressures eased meaningfully. And while interest rates remained elevated, limited hotel construction supported healthy supply-demand dynamics across our markets. As post-pandemic resort demand normalized, urban hotels gained strength, international travel accelerated (albeit temporarily), and corporate and group business returned in earnest. In this environment, we delivered steady results, managed our balance sheet with discipline, and positioned the Company for renewed growth.

Portfolio Performance in 2024

For the year, comparable RevPAR was $317, with ADR of $473 and occupancy of 67.0%, up about 200 basis points from 2023. We generated Adjusted EBITDAre of $157.6 million and Comparable Hotel EBITDA of $179.0 million, while investing $70.6 million in capital projects across our portfolio. At year-end, cash and restricted cash totaled $185.1 million, with net debt to gross assets of 40.8%.

Our current 14-hotel portfolio of 3,438 rooms in premier U.S. urban and resort markets, as well as Puerto Rico and the U.S. Virgin Islands, gives us a unique competitive position. Approximately 75% of our business is transient, with 23% group, reflecting our emphasis on high-rated leisure and strengthening corporate segments.

Balance Sheet & Capital Structure

We also continued to strengthen our capital structure. In early 2025, we extended the Ritz-Carlton Lake Tahoe mortgage to January 2026 with a $10 million paydown and closed a $363 million mortgage across five hotels at an approximate 49% loan-to-value.

The Board declared a quarterly dividend of $0.05 per share throughout 2024 and set a 2025 policy at the same level, consistent with our commitment to sustainable shareholder returns.

2025 Momentum

Encouragingly, RevPAR returned to growth in the fourth quarter, and momentum accelerated in January 2025 with portfolio RevPAR up 14%, or 10% excluding inauguration-driven demand in Washington, D.C. We also continued to strengthen our capital structure.

Performance so far in 2025 has been encouraging. Year-to-date through June 30, portfolio RevPAR grew 2.9%, significantly outpacing the broader U.S. hotel industry's RevPAR growth of 0.8%, according to STR. This outperformance underscores the strength of our high-quality luxury portfolio, which continues to deliver premium results across both resort and urban markets.

Also, during 2024 and year-to-date 2025, we sold two assets, namely the Marriott Seattle Waterfront and the Hilton La Jolla Torrey Pines, and have entered into an agreement to sell

The Clancy. These strategic sales continued to hone our focus on the ownership of luxury hotel assets, while continuing to strengthen our balance sheet with the associated debt repayments.

Lastly, due to persistent undervaluation in the public stock markets, our Board resolved to initiate a Company Sale Process in an attempt to maximize shareholder value. While this process is likely to take several months to resolve, further announcements should be coming in 2026.

Outlook & Closing

Looking forward, our portfolio remains strong. We see solid forward bookings and healthy group calendars creating a favorable environment for our portfolio. With a high-quality collection of luxury hotels, disciplined balance sheet management, and a clear focus on shareholder value, Braemar is well positioned to build on this momentum through the balance of 2025.

Thank you for your continued support.

Richard J. Stockton
President & Chief Executive Officer

Gallery

The Ritz-Carlton Lake Tahoe
Truckee, CA

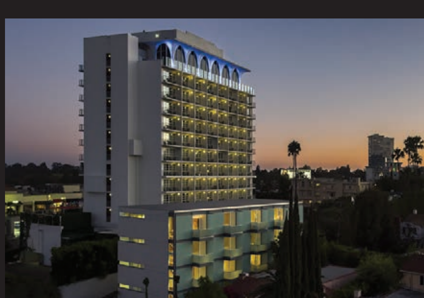
The Notary Hotel
Philadelphia, PA

The Capital Hilton
Washington, DC

Hotel Yountville
Yountville, CA

Bardessono Hotel and Spa
Yountville, CA

The Ritz-Carlton Reserve Dorado Beach
Dorado, Puerto Rico



Cameo Beverly Hills
Beverly Hills, CA

Park Hyatt Beaver Creek
Beaver Creek, CO

The Ritz-Carlton St. Thomas
St. Thomas, USVI

Pier House Resort
Key West, FL

The Ritz-Carlton Sarasota
Sarasota, FL

Sofitel Chicago Magnificent Mile
Chicago, IL

The Clancy
San Francisco, CA

Four Seasons Resort Scottsdale at Troon North
Scottsdale, AZ

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2024

OR

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

For the transition period from _______ to ________

Commission file number: 001-35972

BRAEMAR HOTELS & RESORTS INC.

(Exact name of registrant as specified in its charter)

Maryland	**46-2488594**
(State or other jurisdiction of incorporation or organization)	*(IRS employer identification number)*
14185 Dallas Parkway Suite 1200 Dallas Texas	75254
(Address of principal executive offices)	*(Zip code)*

(972) 490-9600
(Registrant's telephone number, including area code)

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

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

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

None

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

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

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

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

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

Large accelerated filer	☐	Accelerated filer	☑
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

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

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

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

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

As of June 30, 2024, the aggregate market value of 64,493,121 shares of the registrant's common stock held by non-affiliates was approximately $164,457,459.

As of March 10, 2025, the registrant had 67,046,523 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement pertaining to the 2025 Annual Meeting of Stockholders are incorporated herein by reference into Part III of this Form 10-K.

BRAEMAR HOTELS & RESORTS INC.
YEAR ENDED DECEMBER 31, 2024
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As used in this Annual Report on Form 10-K, unless the context otherwise indicates, the references to "we," "us," "our," the "Company" or "Braemar" refer to Braemar Hotels & Resorts Inc., a Maryland corporation, and, as the context may require, its consolidated subsidiaries, including Braemar Hospitality Limited Partnership, a Delaware limited partnership, which we refer to as "our operating partnership" or "Braemar OP." "Our TRSs" refers to our taxable REIT subsidiaries, including Braemar TRS Corporation, a Delaware corporation, which we refer to as "Braemar TRS," and its subsidiaries, together with the two taxable REIT subsidiaries that leased during 2024 our two hotels held in a consolidated joint venture and are wholly owned by the joint venture and the U.S. Virgin Islands' ("USVI") taxable REIT subsidiary that owns The Ritz-Carlton St. Thomas hotel. "Ashford Trust" or "AHT" refers to Ashford Hospitality Trust, Inc., a Maryland corporation, and, as the context may require, its consolidated subsidiaries, including Ashford Hospitality Limited Partnership, a Delaware limited partnership and Ashford Trust's operating partnership, which we refer to as "Ashford Trust OP." "Ashford Inc." refers to Ashford Inc., a Nevada corporation and, as the context may require, its consolidated subsidiaries. "Ashford LLC" or "our advisor" refers to Ashford Hospitality Advisors LLC, a Delaware limited liability company and a subsidiary of Ashford Inc. "Premier" refers to Premier Project Management LLC, a Maryland limited liability company and a subsidiary of Ashford LLC. "Remington Hospitality" refers to Remington Lodging & Hospitality, LLC, a Delaware limited liability company, a hotel management company and a subsidiary of Ashford Inc.

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

FORWARD-LOOKING STATEMENTS

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

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

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

- the factors discussed in this Annual Report under the sections entitled "Risk Factors," "Legal Proceedings," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business," and "Properties," as updated in our subsequent Quarterly Reports on Form 10-Q and other filings under the Exchange Act;
- changes in interest rates and inflation;
- macroeconomic conditions, such as a prolonged period of weak economic growth, and volatility in capital markets;
- uncertainty in the business sector and market volatility ;
- catastrophic events or geopolitical conditions, such as the conflict between Russia and Ukraine and the more recent Israel-Hamas war and changes to tariffs or trade policies;
- extreme weather conditions, which may cause property damage or interrupt business;

- our ability to raise sufficient capital and/or take other actions to improve our liquidity position or otherwise meet our liquidity requirements;
- general volatility of the capital markets and the market price of our common and preferred stock;
- general business and economic conditions affecting the lodging and travel industry;
- changes in our business or investment strategy;
- availability, terms and deployment of capital;
- risks associated with our ability to effectuate our dividend policy, including factors such as operating results and the economic outlook influencing our board's decision whether to pay further dividends at levels previously disclosed or to use available cash to pay dividends;
- unanticipated increases in financing and other costs, including changes in interest rates;
- changes in our industry and the markets in which we operate, interest rates, or local economic conditions;
- the degree and nature of our competition;
- actual and potential conflicts of interest with Ashford Trust, Ashford Inc. and its subsidiaries (including Ashford LLC, Remington Hospitality and Premier), Stirling Hotels & Resorts, Inc. ("Stirling Inc."), and our executive officers and our non-independent directors;
- changes in personnel of Ashford LLC or the lack of availability of qualified personnel;
- changes in governmental regulations, accounting rules, tax rates and similar matters;
- legislative and regulatory changes, including changes to the Internal Revenue Code of 1986, as amended (the "Code") and related rules, regulations and interpretations governing the taxation of REITs;
- limitations imposed on our business and our ability to satisfy complex rules in order for us to qualify as a REIT for U.S. federal income tax purposes; and
- future sales and issuances of our common stock or other securities, which might result in dilution and could cause the price of our common stock to decline.

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

PART I

Item 1. Business

Our Company

We are an externally-advised Maryland corporation formed in 2013 that invests primarily in high revenue per available room ("RevPAR") luxury hotels and resorts. High RevPAR, for purposes of our investment strategy, means RevPAR of at least twice the then-current U.S. national average RevPAR for all hotels as determined by STR, LLC. Two times the U.S. national average RevPAR was approximately $199 for the year ended December 31, 2024. We have elected to be taxed as a REIT under the Code beginning in the year ended December 31, 2013. We conduct our business and own substantially all of our assets through our operating partnership, Braemar OP.

We operate in the direct hotel investment segment of the hotel lodging industry. As of March 10, 2025, we owned interests in 15 hotel properties in seven states, the District of Columbia, Puerto Rico and St. Thomas, U.S. Virgin Islands with 3,807 total rooms, or 3,667 net rooms, excluding those attributable to our joint venture partner. The hotel properties in our current portfolio are predominantly located in U.S. urban and resort locations with favorable growth characteristics resulting from multiple demand generators. We own 14 of our hotel properties directly and the remaining hotel property through an investment in a majority-owned consolidated joint venture entity.

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

We do not operate any of our hotel properties directly; instead, we contractually engage hotel management companies to operate them for us under management contracts. Remington Hospitality, a subsidiary of Ashford Inc., manages four of our 15 hotel properties. Third-party management companies manage the remaining hotel properties.

Ashford Inc. also provides other products and services to us or our hotel properties through certain entities in which Ashford Inc. has an ownership interest. These products and services include, but are not limited to, design and construction services, debt placement and related services, audio visual services, real estate advisory and brokerage services, insurance policies covering general liability, workers compensation and business automobile claims, insurance claims services, hypoallergenic premium rooms, watersport activities, travel/transportation services, mobile key technology, broker-dealer services, and cash management services. See note 17 to our consolidated financial statements.

Mr. Monty J. Bennett is chairman and chief executive officer of Ashford Inc. and, together with Mr. Archie Bennett, Jr., as of December 31, 2024, holds a controlling interest in Ashford Inc. As of December 31, 2024, the Bennetts owned approximately 809,937 shares of Ashford Inc. common stock, which represented an approximate 46.6% ownership interest in Ashford Inc., and owned 18,758,600 shares of Ashford Inc. Series D Convertible Preferred Stock, which, along with all unpaid accrued and accumulated dividends thereon, was convertible (at a conversion price of $117.50 per share) into an additional approximate 4,395,281 shares of Ashford Inc. common stock, which if converted as of December 31, 2024 would have increased the Bennetts' ownership interest in Ashford Inc. to 84.9%. The 18,758,600 shares of Series D Convertible Preferred Stock owned by Mr. Monty J. Bennett and Mr. Archie Bennett, Jr. include 360,000 shares owned by trusts. Ashford Inc. has filed a Rule 13e-3 Transaction Statement on Schedule 13E-3 and, on July 29, 2024, effected a reverse and forward stock split as part of a plan to deregister Ashford Inc.'s common stock under the Exchange Act and delist its common stock from the NYSE American LLC (the "NYSE American"). The last day of trading of Ashford Inc. common stock on the NYSE American was July 26, 2024.

As of December 31, 2024, Mr. Monty J. Bennett, chairman of our board of directors and his father, Mr. Archie Bennett, Jr., together owned approximately 3,056,996 shares of our common stock and common units (including long-term incentive plan ("LTIP") units and performance LTIP units), which represented an approximate 4.1% ownership in the Company.

Our Investment and Growth Strategies

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

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

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

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

Asset Management Strategy. We rely on Ashford LLC to asset-manage the hotel properties in our portfolio, and will rely on Ashford LLC to asset-manage any hotel properties we may acquire in the future, to help maximize the operating performance, cash flow and value of each hotel. Asset management includes working with the hotel managers and holding them accountable to drive top line and bottom-line operating performances. Ashford LLC aims to achieve this goal by benchmarking each asset's performance compared to similar hotel properties within our portfolio. Ashford LLC also monitors hotel operating expenses. If expense levels are not commensurate with the property revenues, Ashford LLC works with the property manager to implement cost-cutting initiatives. Ashford LLC also evaluates and proposes strategies to improve the sales, marketing and revenue management efforts of the property manager as well as its ability to drive ancillary hotel revenues (e.g., spa, food and beverage, parking, and Internet). Further, Ashford LLC works with the brands and management companies to negotiate favorable franchise agreement and hotel management agreement terms. Finally, Ashford LLC participates in brand advisory committee and industry advocacy association meetings to provide feedback and input on new hotel brand and industry initiatives.

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

Our Hotels

As of March 10, 2025, we own interests in a high-quality, geographically diverse portfolio of 15 hotel properties located in seven states, the District of Columbia, Puerto Rico and St. Thomas, U.S. Virgin Islands. Our properties have 3,807 total rooms, or 3,667 net rooms, excluding those attributable to our joint venture partner. All of the hotel properties in our portfolio are generally located in markets that exhibit strong growth characteristics resulting from multiple demand generators. Eight of the 15 hotel properties in our portfolio operate under brands affiliated with Marriott International, Inc. ("Marriott") and Hilton Worldwide, Inc. ("Hilton"). One hotel property is managed by Accor Management US Inc. ("Accor"), one is managed by Hyatt Corporation ("Hyatt"), one is managed by Four Seasons Hotels Limited ("Four Seasons") and four hotel properties are managed by Remington Hospitality. The material terms of these hotel management agreements are described below in "Certain Agreements—Hotel Management Agreements." For the year ended December 31, 2024, approximately 75% of rooms revenue was generated by transient business, approximately 23% was generated by group sales and 2% was generated by contract sales.

The following table sets forth additional information for our hotel properties (dollars in thousands, except ADR and RevPAR) for the year ended December 31, 2024:

				Year Ended December 31, 2024				
Hotel Property	**Location**	**Total Rooms**	**% Owned**	**Occupancy**	**ADR**	**RevPAR**	**Hotel Net Income**	**Hotel EBITDA [1]**
Four Seasons Resort Scottsdale	Scottsdale, AZ	210	100 %	53.76 %	$ 888.24	$ 477.54	$ (452)	$ 23,286
The Ritz-Carlton Sarasota	Sarasota, FL	276	100 %	62.46 %	580.22	362.38	13,728	21,924
The Ritz-Carlton St. Thomas	St. Thomas, U.S. Virgin Islands	180	100 %	63.79 %	1,071.81	683.69	9,312	20,620
The Ritz-Carlton Reserve Dorado Beach [4]	Puerto Rico	96	100 %	57.54 %	2,239.48	1,288.64	5,762	19,138
Capital Hilton	Washington, D.C.	559	75 %	78.64 %	262.26	206.23	(5,023)	18,957
Marriott Seattle Waterfront	Seattle, WA	369	100 %	72.96 %	307.67	224.48	6,172	13,996
Pier House Resort & Spa	Key West, FL	142	100 %	71.36 %	621.36	443.41	6,903	13,604
Park Hyatt Beaver Creek Resort & Spa	Beaver Creek, CO	193	100 %	56.51 %	602.93	340.71	1,200	12,092
The Notary Hotel	Philadelphia, PA	499	100 %	66.99 %	234.09	156.83	6,009	11,949
Sofitel Chicago Magnificent Mile	Chicago, IL	415	100 %	72.54 %	253.68	184.01	1,178	5,742
The Clancy	San Francisco, CA	410	100 %	66.29 %	301.79	200.05	(2,607)	5,733
The Ritz-Carlton Lake Tahoe [2]	Truckee, CA	170	100 %	52.16 %	761.68	397.33	(9,085)	5,087
Bardessono Hotel and Spa [3]	Yountville, CA	65	100 %	60.96 %	1,016.30	619.52	876	4,436
Hotel Yountville	Yountville, CA	80	100 %	59.76 %	648.50	387.53	1,875	3,954
Cameo Beverly Hills	Los Angeles, CA	143	100 %	66.95 %	274.33	183.67	(5,778)	(1,485)
Total / Weighted Average [5]		3,807		67.00 %	$ 465.21	$ 311.68	$ 30,070	$ 179,033

(1) See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures" for a reconciliation of Hotel EBITDA by property. We own the Capital Hilton in a joint venture. The Hilton La Jolla Torrey Pines, which was also part of the joint venture, was sold on July 17, 2024. The operating results of the Hilton La Jolla Torrey Pines, including $9.1 million of hotel EBITDA, is excluded from the table above. The Hotel EBITDA represents the total amount for each hotel during our period of ownership, not our pro rata amount based on our ownership percentage.

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

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

(4) The above information, excluding Hotel net income and Hotel EBITDA, does not include the operations of the voluntary rental program with respect to the residential units not owned by the Company.

(5) Calculated on a portfolio basis for the 15 hotel properties in our portfolio as of December 31, 2024.

Capital Hilton, Washington, D.C.

We own a 75% partnership interest in Ashford HHC Partners III LP, which has a fee simple interest in the Capital Hilton. CHH Capital Hotel Partners LP, a subsidiary of Ashford HHC Partners III LP, leases the Capital Hilton to CHH Capital Tenant Corp. The remaining 25% partnership interest in Ashford HHC Partners III LP is owned by Park Hotels & Resorts, Inc. The hotel opened in 1943 and is comprised of 559 guest rooms, including 283 king rooms, 94 queen/queen rooms, 90 double/double rooms, 81 single queen rooms and two parlor suites. Approximately $109.2 million has been spent on capital expenditures since the acquisition of the hotel by Ashford HHC Partners III LP in 2007, which has included renovations to the guest rooms, public space, meeting space, lobby and restaurant.

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

Additional property highlights include:

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

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

Operating History. The following table shows certain historical information regarding the Capital Hilton since 2022:

	Year Ended December 31,		
	2024	**2023**	**2022**
Rooms	559	550	550
Occupancy	78.6 %	72.9 %	65.2 %
ADR	$ 262.26	$ 250.11	$ 228.36
RevPAR	$ 206.23	$ 182.39	$ 148.82

Selected Financial Information. The following tables show certain selected financial information regarding the Capital Hilton since 2022 (dollars in thousands):

	Year Ended December 31,		
	2024	**2023**	**2022**
Total Revenue	$ 65,134	$ 57,716	$ 45,113
Rooms Revenue	42,164	36,615	29,877
Hotel net income	(5,023)	4,934	1,125
Hotel net income margin	(7.7)%	8.5 %	2.5 %
Hotel EBITDA[1]	18,957	15,427	10,174
Hotel EBITDA Margin [1]	29.1 %	26.7 %	22.6 %

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

Marriott Seattle Waterfront, Seattle, Washington

Our subsidiary, Ashford Seattle Waterfront LP, owns a fee simple interest in the Marriott Seattle Waterfront. The hotel opened in 2003 and is comprised of 362 guest rooms and 7 suites, including 240 king rooms and 129 queen/queen rooms. About half of the hotel's guest rooms have water views overlooking Elliott Bay with the remaining guest rooms having partial water views. Approximately $35.2 million has been spent on capital expenditures since the acquisition of the hotel in 2007. Capital improvements in 2017 included the relocation of the M Club from the eighth floor to the lobby level, which recaptured three guest rooms. A transformative guest room and corridor renovation occurred in 2022 which included case goods, flooring, wall covering, soft goods, lighting, and bathrooms and added 8 new keys.

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

Additional property highlights include:

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

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

Operating History. The following table shows certain historical information regarding the Marriott Seattle Waterfront since 2022:

	Year Ended December 31,		
	2024	**2023**	**2022**
Rooms	369	369	361
Occupancy	73.0 %	70.7 %	56.9 %
ADR	$ 307.67	$ 298.39	$ 286.14
RevPAR	$ 224.48	$ 210.94	$ 162.75

Selected Financial Information. The following tables show certain selected financial information regarding the Marriott Seattle Waterfront since 2022 (dollars in thousands):

	Year Ended December 31,		
	2024	**2023**	**2022**
Total Revenue	$ 38,776	$ 34,629	$ 26,385
Rooms Revenue	30,317	28,410	21,445
Hotel net income	6,172	5,471	3,790
Hotel net income margin	15.9 %	15.8 %	14.4 %
Hotel EBITDA (1)	13,996	12,816	9,217
Hotel EBITDA Margin (1)	36.1 %	37.0 %	34.9 %

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

The Clancy, San Francisco, California

Our subsidiary, Ashford San Francisco II LP, owns a fee simple interest in The Clancy. The hotel opened in 2001 and is comprised of 410 guest rooms, including 196 king rooms, 184 queen/queen rooms and 30 suites. Approximately $77.6 million has been spent on capital expenditures since the acquisition of the hotel in 2007, which included a restaurant renovation, a guest room soft goods renovation and a meeting space renovation. In early 2017, the hotel began an extensive custom designed guest room renovation. As part of this renovation we increased the room count from 405 to 410 rooms utilizing former conference suites. The new guest rooms reflect the hotel's ideal location in the new and evolving SoMa district. Bold vibrant colors with calming grey undertones mimic the stunning visual beauty expressed in the iconic city of San Francisco. Innovative smart technology combined with comfort and luxury provide travelers with an intriguing and unique experience.

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

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

Additional property highlights include:

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

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

Operating History. The following table shows certain historical information regarding The Clancy since 2022:

	Year Ended December 31,		
	2024	**2023**	**2022**
Rooms	410	410	410
Occupancy	66.3 %	70.8 %	70.1 %
ADR	$ 301.79	$ 309.19	$ 298.91
RevPAR	$ 200.05	$ 218.95	$ 209.38

Selected Financial Information. The following tables show certain selected financial information regarding The Clancy since 2022 (dollars in thousands):

	Year Ended December 31,		
	2024	**2023**	**2022**
Total Revenue	$ 36,389	$ 38,754	$ 36,163
Rooms Revenue	30,020	32,767	31,334
Hotel net income	(2,607)	(462)	(2,872)
Hotel net income margin	(7.2)%	(1.2)%	(7.9)%
Hotel EBITDA [(1)]	5,733	9,276	8,354
Hotel EBITDA Margin [(1)]	15.8 %	23.9 %	23.1 %

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

The Notary Hotel, Philadelphia, Pennsylvania

Our subsidiary, Ashford Philadelphia Annex LP, owns a fee simple interest in The Notary Hotel. The hotel opened in 1999 and is comprised of 499 guest rooms, including 311 king rooms, 109 queen/queen rooms, 77 double/double rooms and two parlor suites. Approximately $62.8 million has been spent on capital expenditures since the acquisition of the hotel in 2007.

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

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

Additional property highlights include:

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

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

Operating History. The following table shows certain historical information regarding The Notary Hotel since 2022:

	Year Ended December 31,		
	2024	**2023**	**2022**
Rooms	499	499	499
Occupancy	67.0 %	62.4 %	55.9 %
ADR	$ 234.09	$ 230.59	$ 218.34
RevPAR	$ 156.83	$ 143.97	$ 122.10

Selected Financial Information. The following tables show certain selected financial information regarding The Notary Hotel since 2022 (dollars in thousands):

	Year Ended December 31,		
	2024	**2023**	**2022**
Total Revenue	$ 36,455	$ 33,117	$ 27,536
Rooms Revenue	28,642	26,222	22,237
Hotel net income	6,009	2,071	(505)
Hotel net income margin	16.5 %	6.3 %	(1.8)%
Hotel EBITDA(1)	11,949	10,317	7,673
Hotel EBITDA Margin (1)	32.8 %	31.2 %	27.9 %

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

Sofitel Chicago Magnificent Mile, Chicago, Illinois

On February 24, 2014, we acquired a fee simple interest in the Sofitel Chicago Magnificent Mile. The hotel opened in 2002 and is comprised of 415 guest rooms, including 63 suites. Approximately $21.3 million has been spent on capital expenditures at the hotel since the acquisition of the hotel in 2014. The fitness center and lobby bar were extensively renovated in the first quarter of 2017. A comprehensive guest room and corridor renovation began in the fourth quarter of 2017 and was completed in the second quarter of 2018. A refresh of the lobby space was completed in February 2023.

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

Additional property highlights include:

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

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

Operating History. The following table shows certain historical information regarding the Sofitel Chicago Magnificent Mile since 2022:

	Year Ended December 31,		
	2024	2023	2022
Rooms	415	415	415
Occupancy	72.5 %	70.3 %	65.4 %
ADR	$ 253.68	$ 239.57	$ 250.78
RevPAR	$ 184.01	$ 168.42	$ 163.92

Selected Financial Information. The following table shows certain selected financial information regarding the Sofitel Chicago Magnificent Mile since 2022 (dollars in thousands):

	Year Ended December 31,		
	2024	2023	2022
Total Revenue	$ 37,568	$ 33,917	$ 33,635
Rooms Revenue	27,949	25,512	24,829
Hotel net income	1,178	3,392	2,226
Hotel net income margin	3.1 %	10.0 %	6.6 %
Hotel EBITDA[(1)]	5,742	8,183	8,288
Hotel EBITDA Margin[(1)]	15.3 %	24.1 %	24.6 %

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

Pier House Resort & Spa, Key West, Florida

On March 1, 2014, we acquired a fee simple interest in the Pier House Resort & Spa from Ashford Trust pursuant to an option agreement that we entered into in connection with our spin-off from Ashford Trust. The hotel opened in 1968 and is comprised of 142 guest rooms, including 76 king rooms, 43 queen/queen rooms and 23 suites. Approximately $17.6 million has been spent on capital expenditures since the acquisition of the hotel, which included spa, fitness center and guest rooms refresh renovations.

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

Additional property highlights include:

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

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

Operating History. The following table shows certain historical information regarding the Pier House Resort & Spa since 2022:

	Year Ended December 31,		
	2024	2023	2022
Rooms	142	142	142
Occupancy	71.4 %	72.7 %	74.8 %
ADR	$ 621.36	$ 641.70	$ 707.12
RevPAR	$ 443.41	$ 466.29	$ 529.03

Selected Financial Information. The following table shows certain selected financial information regarding the Pier House Resort & Spa since 2022 (dollars in thousands):

	Year Ended December 31,		
	2024	2023	2022
Total Revenue	$ 29,880	$ 30,641	$ 34,104
Rooms Revenue	23,045	24,168	27,419
Hotel net income	6,903	6,799	12,377
Hotel net income margin	23.1 %	22.2 %	36.3 %
Hotel EBITDA[1]	13,604	15,011	18,115
Hotel EBITDA Margin [1]	45.5 %	49.0 %	53.1 %

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

Bardessono Hotel and Spa, Yountville, California

On July 9, 2015, we acquired a 100% leasehold interest in the Bardessono Hotel and Spa in Yountville, California, which is subject to a ground lease that initially expires in 2065, with two 25-year extension options. The Bardessono Hotel and Spa was built in 2009 and has 65 luxurious rooms and suites built and operated with a primary focus on green practices and is LEED Platinum certified. In 2016 the meeting space was renovated. In 2019 we completed construction of a 3,705 square foot Maple Grove Villa, which consists of three large suites, each of which boasts a distinctive great room, stately king bedroom, spa bathroom, courtyard and plunge pool. Approximately $12.2 million has been spent on capital expenditures since the acquisition of the hotel in July 2015.

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

Additional property highlights include:

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

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

Operating History. The following table shows certain historical information regarding the Bardessono Hotel and Spa since 2022:

	Year Ended December 31,		
	2024	2023	2022
Rooms	65	65	65
Occupancy	61.0 %	66.2 %	64.0 %
ADR	$1,016.30	$1,045.70	$1,257.56
RevPAR	$ 619.52	$ 692.48	$ 804.31

Selected Financial Information. The following table shows certain selected financial information regarding the Bardessono Hotel and Spa since 2022 (dollars in thousands):

	Year Ended December 31,		
	2024	2023	2022
Total Revenue	$ 20,140	$ 22,159	$ 25,259
Rooms Revenue	14,738	16,429	19,082
Hotel net income	876	1,428	4,488
Hotel net income margin	4.3 %	6.4 %	17.8 %
Hotel EBITDA [(1)]	4,436	6,067	9,127
Hotel EBITDA Margin [(1)]	22.0 %	27.4 %	36.1 %

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

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

On December 15, 2015, we acquired a 100% interest in The Ritz-Carlton St. Thomas on the island of St. Thomas, U.S. Virgin Islands. The Ritz-Carlton St. Thomas opened in 1996 and has 155 luxurious guest rooms and 25 suites, all featuring a spacious private balcony with ocean or resort views. Approximately $123.7 million has been spent on capital expenditures since the acquisition of the hotel in December 2015. Capital investment was primarily focused on remediation and reconstruction effort due to damage sustained after Hurricane Irma.

Additional property highlights include:

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

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

Operating History. The following table shows certain historical information regarding The Ritz-Carlton St. Thomas since 2022:

	Year Ended December 31,		
	2024	2023	2022
Rooms	180	180	180
Occupancy	63.8 %	66.4 %	73.8 %
ADR	$ 1,071.81	$ 1,099.14	$ 1,204.88
RevPAR	$ 683.69	$ 730.15	$ 889.30

Selected Financial Information. The following table shows certain selected financial information regarding The Ritz-Carlton St. Thomas since 2022 (dollars in thousands):

	Year Ended December 31,		
	2024	2023	2022
Total Revenue	$ 74,375	$ 75,394	$ 87,654
Rooms Revenue	45,042	47,971	58,426
Hotel net income	9,312	8,322	18,920
Hotel net income margin	12.5 %	11.0 %	21.6 %
Hotel EBITDA [1]	20,620	22,628	30,137
Hotel EBITDA Margin [1]	27.7 %	30.0 %	34.4 %

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

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

On March 31, 2017, we acquired a 100% interest in the 190-room Park Hyatt Beaver Creek Resort & Spa in Beaver Creek, Colorado. In December 2022, we acquired three additional keys that were added to inventory in February 2023, bringing the total hotel room count to 193. Located in the heart of Beaver Creek Village, approximately 100 miles west of Denver, it is located in one of the most exclusive resort destinations in North America. The Park Hyatt Beaver Creek Resort & Spa is an integral part of the Beaver Creek Village as the only full-service hotel with direct ski-in/ski-out access. The Park Hyatt Beaver Creek Resort & Spa was built in 1989 and has 193 luxurious and spacious rooms, including 83 king rooms, 67 double/double rooms, 20 double/queen rooms, 19 suites and four suite parlors. The hotel underwent a full lobby renovation in 2019, which included a new lobby bar and the addition of an epicurean market. The fitness center and meeting space located within the hotel footprint were renovated in 2023. Approximately $31.5 million has been spent on capital expenditures since the acquisition of the hotel in March 2017.

Additional property highlights include:

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

Location and Access. Located in the heart of Beaver Creek Village, Colorado, the Park Hyatt Beaver Creek Resort & Spa is positioned as the leading resort in one of North America's most renowned luxury resort destinations. Beyond the world-class hotel, guests have easy access to Beaver Creek's famous amenities, including exceptional dining and luxury boutique shopping, the 535-seat Vilar Performing Arts Center where festivals and large events are held and an outdoor ice skating rink. While the Vail Valley is home to some of the top ski areas in the world and is a well-known winter destination, it has become very popular as a summer destination due to its proximity to diverse leisure activities, including hiking, biking, horseback riding, white water rafting, fishing, golfing and festivals.

Operating History. The following table shows certain historical information regarding the Park Hyatt Beaver Creek Resort & Spa since 2022:

	Year Ended December 31,		
	2024	2023	2022
Rooms	193	193	190
Occupancy	56.5 %	55.8 %	60.6 %
ADR	$ 602.93	$ 645.73	$ 601.05
RevPAR	$ 340.71	$ 360.35	$ 364.13

Selected Financial Information. The following table shows certain selected financial information regarding the Park Hyatt Beaver Creek Resort & Spa since 2022 (dollars in thousands):

	Year Ended December 31,		
	2024	2023	2022
Total Revenue	$ 47,907	$ 49,335	$ 50,615
Rooms Revenue	24,067	25,351	25,253
Hotel net income	1,200	1,088	5,668
Hotel net income margin	2.5 %	2.2 %	11.2 %
Hotel EBITDA[1]	12,092	12,273	13,620
Hotel EBITDA Margin [1]	25.2 %	24.9 %	26.9 %

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

Hotel Yountville, Yountville, California

On May 11, 2017, we acquired a 100% interest in the 80-room Hotel Yountville in Yountville, California. The Hotel Yountville was originally built in 1998 and, in 2011, underwent an extensive expansion and renovation that upgraded all guest rooms, adding 29 new guest rooms, and added a restaurant, spa, meeting and event space, an outdoor pool, and lounge patio. Currently, the property has 80 luxury rooms consisting of 62 king rooms, eight double/queen rooms and 10 suites. Approximately $8.3 million has been spent on capital expenditures since the acquisition of the hotel in May 2017.

Additional property highlights include:

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

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

Operating History. The following table shows certain historical information regarding the Hotel Yountville since 2022:

	Year Ended December 31,		
	2024	2023	2022
Rooms	80	80	80
Occupancy	59.8 %	60.8 %	54.1 %
ADR	$ 648.50	$ 694.51	$ 906.82
RevPAR	$ 387.53	$ 422.10	$ 490.21

Selected Financial Information. The following table shows certain selected financial information regarding the Hotel Yountville since 2022 (dollars in thousands):

	Year Ended December 31,		
	2024	2023	2022
Total Revenue	$ 14,711	$ 15,296	$ 17,194
Rooms Revenue	11,347	12,325	14,314
Hotel net income	1,875	871	2,547
Hotel net income margin	12.7 %	5.7 %	14.8 %
Hotel EBITDA (1)	3,954	4,915	6,958
Hotel EBITDA Margin (1)	26.9 %	32.1 %	40.5 %

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

The Ritz-Carlton, Sarasota, Florida

On April 4, 2018, we acquired a 100% interest in The Ritz-Carlton Sarasota in Sarasota, Florida for $171.4 million and a 22-acre plot of vacant land for $9.7 million. Approximately $37.3 million has been spent on capital expenditures since the acquisition of the hotel in April 2018.

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

Additional property highlights include:

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

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

Operating History. The following table shows certain historical information regarding The Ritz-Carlton Sarasota since 2022:

	Year Ended December 31,		
	2024	2023	2022
Rooms	276	276	276
Occupancy	62.5 %	63.0 %	74.5 %
ADR	$ 580.22	$ 587.54	$ 617.66
RevPAR	$ 362.38	$ 370.04	$ 459.97

Selected Financial Information. The following table shows certain selected financial information regarding The Ritz-Carlton Sarasota since 2022 (dollars in thousands):

	Year Ended December 31,		
	2024	2023	2022
Total Revenue	$ 86,764	$ 85,520	$ 98,364
Rooms Revenue	36,607	37,278	46,210
Hotel net income	13,728	11,171	17,641
Hotel net income margin	15.8 %	13.1 %	17.9 %
Hotel EBITDA [1]	21,924	22,381	30,377
Hotel EBITDA Margin [1]	25.3 %	26.2 %	30.9 %

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

The Ritz-Carlton, Lake Tahoe, California

On January 15, 2019, we acquired a 100% interest in the 170-room Ritz-Carlton Lake Tahoe located in Truckee, California for $120.0 million. Approximately $44.1 million has been spent on capital expenditures since the acquisition of the hotel in January 2019. In 2023, the guestrooms were completely renovated and the Alpine Exchange, a new retail shop and market, was added to the lobby as a new amenity. In 2024, further capital investments were made to enhance the meeting space, fitness center, Manzanita restaurant and The Living Room.

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

Additional property highlights include:

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

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

Operating History. The following table shows certain historical information regarding The Ritz-Carlton Lake Tahoe since 2022:

	Year Ended December 31,		
	2024	2023	2022
Rooms	170	170	170
Occupancy	52.2 %	50.7 %	56.2 %
ADR	$ 761.68	$ 731.00	$ 837.16
RevPAR	$ 397.33	$ 370.79	$ 470.61

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

Selected Financial Information. The following table shows certain selected financial information regarding The Ritz-Carlton Lake Tahoe since 2022 (dollars in thousands):

	Year Ended December 31,		
	2024	2023	2022
Total Revenue	$ 48,764	$ 50,282	$ 52,561
Rooms Revenue [1]	26,612	23,008	26,334
Hotel net income	(9,085)	(4,690)	5,020
Hotel net income margin	(18.6)%	(9.3)%	9.6 %
Hotel EBITDA [2]	5,087	6,082	11,383
Hotel EBITDA Margin [2]	10.4 %	12.1 %	21.7 %

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

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

Cameo Beverly Hills, Beverly Hills, California

On August 5, 2021, the Company acquired a 100% interest in the 138-room Cameo Beverly Hills (formerly known as the Mr. C Beverly Hills Hotel) and five luxury residences adjacent to the hotel. Approximately $5.3 million has been spent on capital expenditures since the acquisition.

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

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

Additional property highlights include:

- *Meeting Space*: The property has over 24,000 sq. ft. of flexible indoor/outdoor meeting space. The 12th floor ballroom features unparalleled 360-degree panoramic views of Beverly Hills.
- *Food and Beverage*: The property also features I1 Moderno which offers a menu of classic southern Italian recipes with a California flair.
- *Other Amenities*: The property offers an outdoor pool terrace with daybeds and cabanas, state-of-the-art fitness center and a business center.

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

Operating History. The following table shows certain historical information regarding Cameo Beverly Hills since 2022:

	Year Ended December 31,		
	2024	2023	2022
Rooms	143	143	143
Occupancy	67.0 %	72.8 %	74.3 %
ADR	$ 274.33	$ 308.71	$ 347.57
RevPAR	$ 183.67	$ 224.69	$ 258.10

Selected Financial Information. The following table shows certain selected financial information regarding Cameo Beverly Hills since 2022 (dollars in thousands):

	Year Ended December 31,		
	2024	2023	2022
Total Revenue	$ 13,139	$ 16,113	$ 19,484
Rooms Revenue	9,613	11,727	13,472
Hotel net income	(5,778)	(4,222)	(1,390)
Hotel net income margin	(44.0)%	(26.2)%	(7.1)%
Hotel EBITDA [(1)]	(1,485)	987	3,157
Hotel EBITDA Margin [(1)]	(11.3)%	6.1 %	16.2 %

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

The Ritz-Carlton Reserve, Dorado, Puerto Rico

On March 11, 2022, the Company acquired a 100% interest in the 96-room Ritz-Carlton Reserve Dorado Beach in Dorado, Puerto Rico. Approximately $8.3 million has been spent on capital expenditures since the acquisition.

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

Additional property highlights include:

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

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

Operating History. The following table shows certain historical information regarding Ritz-Carlton Reserve Dorado Beach since 2022:

	Year Ended December 31,		Year Ended December 31, 2022 (Combined)	Period from March 11, 2022 through December 31, 2022	Period from January 1, 2022 through March 10, 2022
	2024	2023			
Rooms	96	96	96	96	96
Occupancy	57.5 %	63.0 %	61.6 %	63.5 %	53.1 %
ADR	$ 2,239.48	$ 2,126.17	$ 2,015.83	$ 1,928.50	$ 2,462.11
RevPAR	$ 1,288.64	$ 1,339.53	$ 1,240.97	$ 1,225.27	$ 1,308.32

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

Selected Financial Information. The following table shows certain selected financial information regarding The Ritz-Carlton Reserve Dorado Beach since 2022 (dollars in thousands):

	Year Ended December 31, 2024	Year Ended December 31, 2023	Year Ended December 31, 2022 (Combined)	Period from March 11, 2022 through December 31, 2022	Period from January 1, 2022 through March 10, 2022
Total Revenue	$ 78,388	$ 83,744	$ 76,415	$ 61,246	$ 15,169
Rooms Revenue [(1)]	49,994	46,937	43,484	34,817	8,666
Hotel net income [(2)]	5,762	13,480	9,672	7,583	2,089
Hotel net income margin	7.4 %	16.1 %	12.7 %	12.4 %	13.8 %
Hotel EBITDA [(3)]	19,138	20,924	18,521	14,887	3,634
Hotel EBITDA Margin [(3)]	24.4 %	25.0 %	24.2 %	24.3 %	24.0 %

(1) Rooms revenue does not include the operations of the voluntary rental program with respect to residential units not owned by the Company.

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

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

The hotel operating results for the period from March 11, 2022 through December 31, 2022 represent the operating results since the acquisition of the hotel on March 11, 2022. The hotel operating results for the period from January 1, 2022 through March 10, 2022 represent the period before our ownership and were obtained from the prior owner. The Company performed a limited review of the information as part of its analysis of the acquisition. No financial statements were prepared, audited or reviewed for the period from January 1, 2022 through March 10, 2022.

Four Seasons Resort, Scottsdale, Arizona

On December 1, 2022, the Company acquired a 100% interest in the 210-room Four Seasons Resort Scottsdale at Troon North in Scottsdale, Arizona. Approximately $8.5 million has been spent on capital expenditures since the acquisition.

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

Additional property highlights include:

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

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

Operating History. The following table shows certain historical information regarding the Four Seasons Resort Scottsdale since 2022:

	Year Ended December 31, 2024	Year Ended December 31, 2023	Year Ended December 31, 2022 (Combined)	Period from December 1, 2022 through December 31, 2022	Period from January 1, 2022 through November 30, 2022
Rooms	210	210	210	210	210
Occupancy	53.8 %	48.3 %	46.3 %	45.2 %	46.4 %
ADR	$ 888.24	$ 967.22	$ 914.43	$ 1,056.99	$ 901.55
RevPAR	$ 477.54	$ 466.92	$ 423.18	$ 477.19	$ 418.17

Selected Financial Information. The following table shows certain selected financial information regarding the Four Seasons Resort Scottsdale Hotel since 2022 (dollars in thousands):

	Year Ended December 31,		Year Ended December 31, 2022 (Combined)	Period from December 1, 2022 through December 31, 2022	Period from January 1, 2022 through November 30, 2022
	2024	2023			
Total Revenue	$ 72,113	$ 67,666	$ 61,253	$ 5,194	$ 56,059
Rooms Revenue	36,704	35,789	32,437	3,107	29,330
Hotel net income (1)	(452)	1,138	4,095	933	3,162
Hotel net income margin	(0.6)%	1.7 %	6.7 %	18.0 %	5.6 %
Hotel EBITDA (2)	23,286	21,863	19,497	1,710	17,787
Hotel EBITDA Margin (2)	32.3 %	32.3 %	31.8 %	32.9 %	31.7 %

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

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

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

Asset Management

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

Hotel Management

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

Design and Construction Services

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

Third-Party Agreements

Hotel Management Agreements. Eleven of our hotel properties are operated pursuant to a hotel management agreement with one of five brand management companies and four of our hotel properties are operated pursuant to a hotel management agreement with Remington Hospitality, a hotel management company and a subsidiary of Ashford Inc. Each management company receives a base management fee and may also be eligible to receive an incentive management fee if hotel operating income, as defined in the respective management agreement, exceeds certain thresholds. The incentive management fee is generally calculated as a percentage of hotel operating income after we have received a priority return on our investment in the hotel. See "Certain Agreements—Hotel Management Agreements."

Franchise Agreements. The Cameo Beverly Hills operates under a franchise agreement.

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

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

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

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

Our Financing Strategy

As of December 31, 2024, our indebtedness was approximately $1.2 billion, with a weighted average interest rate of 7.23% per annum, taking into account in-the-money interest rate caps. Approximately 7.1% of our debt bears interest at a fixed rate of 4.5% and the remaining 92.9% bears interest at a variable rate of SOFR plus 3.55%. We intend to continue to use variable-rate debt or a mix of fixed and variable-rate debt as we see fit, and we may, if appropriate, enter into interest rate hedges.

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

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

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

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

Certain Agreements

The Advisory Agreement

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

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

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

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

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

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

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

Limitations on Liability and Indemnification. The advisory agreement provides that Ashford LLC has no responsibility other than to render the services and take the actions described in the advisory agreement in good faith and with the exercise of due care and will not be responsible for any action our board of directors takes in following or declining to follow any of Ashford LLC's advice or recommendations. The advisory agreement provides that Ashford LLC (including its officers, directors, managers, employees and members) will not be liable for any act or omission by it (or them) performed in accordance with and pursuant to the advisory agreement, except by reason of acts constituting gross negligence, bad faith, willful misconduct or reckless disregard of duties under the advisory agreement.

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

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

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

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

Either party may also terminate the advisory agreement, with the payment of a termination fee, upon the occurrence of a change of control of the Company, provided that the party desiring to terminate the advisory agreement shall give written notice to the other party on a date (i) no earlier than the date on which: (1) we enter into a change of control agreement; (2) our board of directors recommends that our stockholders accept the offer made in a change of control tender; or (3) a voting control event occurs; and (ii) no later than two days after the closing of a transaction contemplated by a change of control agreement, completion of a change of control tender, or occurrence of a voting control event.

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

Fees and Expenses.

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

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

Asset Amount (as more particularly defined in the advisory agreement, but generally equal to the net sales prices of Enhanced Return Hotel Assets sold or disposed of after the date of the ERFP Agreement, commencing with and including the first such sale) and 1.07%.

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

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

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

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

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

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

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

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

- ***Equity Compensation.*** To incentivize employees, officers, consultants, non-employee directors, affiliates and representatives of Ashford LLC, or its affiliates, to achieve our goals and business objectives, as established by our board of directors, in addition to the base fee and the incentive fee described above, our board of directors has the authority to make equity awards to Ashford LLC or directly to employees, officers, consultants and non-employee directors of Ashford LLC, or its affiliates, based on our achievement of certain financial and other hurdles established by our board of directors. These annual equity awards are intended to provide an incentive to Ashford LLC and its employees to promote the success of our business. The compensation committee of our board of directors has full discretion regarding the grant of any annual equity awards, and other than the overall limitation on the total number of shares that are authorized to be granted under our Second Amended and Restated 2013 Equity Incentive Plan (as amended, the "2013 Equity Incentive Plan") there are no limitations on the amount of these equity awards.

- ***Expense Reimbursement.*** Ashford LLC is responsible for all wages, salaries, cash bonus payments and benefits related to its employees providing services to us (including any of our officers who are also employees or officers of Ashford LLC), with the exception of any equity compensation that may be awarded by us to the employees of Ashford LLC, or its affiliates, who provide services to us, the provision of certain internal audit, asset management and risk management services and the international office expenses described below. We are responsible to pay or reimburse Ashford LLC monthly for all other costs incurred by it on our behalf or in connection with the performance of its services and duties to us, including, without limitation, tax, legal, accounting advisory, investment banking and other third party professional fees, director fees and insurance (including errors and omissions insurance and any other insurance required pursuant to the terms of the advisory agreement), debt service, taxes, insurance, underwriting, brokerage, reporting, registration, listing fees and charges, travel and entertainment expenses, conference sponsorships, transaction diligence and closing costs, dead deal costs, dividends, office space, the cost of all equity awards or compensation plans established by us, including the value of awards made by us to Ashford LLC's employees, and any other costs which are reasonably necessary for the performance by Ashford LLC, or its affiliates, of its duties and functions. In addition, we pay a pro rata share of Ashford LLC's office overhead and administrative expenses incurred in the performance of its duties and functions under the advisory agreement. There is no specific limitation on the amount of such reimbursements.

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

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

Relationship with the Advisor. Ashford LLC is a subsidiary of Ashford Inc. and advises us and Ashford Trust. Ashford LLC, its equity holders and employees are permitted to have other advisory clients, which may include other REITs operating in the real estate industry. If we materially revise our initial investment guidelines without the express written consent of Ashford LLC, Ashford LLC will use its best judgment to allocate investment opportunities to us and other entities it advises, taking into account such factors as it deems relevant, in its discretion, subject to any then-existing obligations of Ashford LLC to such other entities. We have agreed that we will not revise our initial investment guidelines to be directly competitive with the investment guidelines of Ashford Trust as of November 19, 2013. The advisory agreement gives us the right to equitable treatment with respect to other clients of Ashford LLC, but does not give us the right to preferential treatment, except that Ashford LLC and Ashford Trust have agreed that, so long as we have not materially changed our initial investment guidelines without the express consent of Ashford LLC, any individual hotel investment opportunities that satisfy our investment focus will be presented to our board of directors, who will have up to 10 business days to accept such opportunity prior to it being available to Ashford Trust or any other entity advised by Ashford LLC.

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

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

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

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

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

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

Hotel Management Agreements

General

To qualify as a REIT, we cannot directly or indirectly operate any of our hotel properties. Third parties must operate our hotel properties. Our hotel properties are leased to TRS lessees (except for The Ritz-Carlton St. Thomas, which is owned by a TRS), which in turn have engaged hotel managers to manage our hotel properties. Each of our hotel properties, other than the Pier House Resort & Spa, the Bardessono Hotel and Spa, Hotel Yountville and Cameo Beverly Hills (which are operated by Remington Hospitality), are operated pursuant to a hotel management agreement with one of five independent hotel management companies: (1) Hilton Management LLC, (2) Marriott Hotel Services, LLC (or its affiliates, The Ritz-Carlton Hotel Company, L.L.C., Ritz-Carlton (Virgin Islands), Inc., and Luxury Hotels International of Puerto Rico, Inc.), (3) Four Seasons, (4) Accor, and (5) Hyatt.

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

Hotel	Effective Date	Expiration Date	Extension Options By Manager
Capital Hilton	12/17/2003	12/31/2033	Two 10-year options
Marriott Seattle Waterfront	5/23/2003	12/31/2038	Four 10-year options
The Clancy	10/1/2020	12/31/2032	Four 5-year options
The Notary Hotel	7/16/2019	12/31/2041	Two 10-year options
The Ritz-Carlton Sarasota	1/1/2015	12/31/2030	Two 10-year options
Sofitel Chicago Magnificent Mile	3/30/2006	12/31/2030	Three 10-year options
Pier House Resort & Spa	11/6/2019	11/06/2029	Three 7-year options and one 4-year option
Bardessono Hotel and Spa	11/6/2019	11/06/2029	Three 7-year options and one 4-year option
The Ritz-Carlton St. Thomas	12/15/2015	12/31/2065	Two 10-year options
Park Hyatt Beaver Creek Resort & Spa	12/11/1987	12/31/2029	One 10-year option
Hotel Yountville	11/6/2019	11/06/2029	Three 7-year options and one 4-year option
The Ritz-Carlton Lake Tahoe	3/28/2006	12/31/2034	Two 10-year options
Cameo Beverly Hills	8/5/2021	08/05/2031	Three 7-year options and one 4-year option
The Ritz-Carlton Reserve Dorado Beach	7/30/2008	12/31/2042	Two 10-year options
Four Seasons Resort Scottsdale	3/29/1996	12/31/2039	Two 20-year options

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

Hotel	Management Fee[(1)]	Incentive Fee	Marketing Fee	Owner's Priority[(2)]	Owner's Investment[(2)]
Capital Hilton	3%	20% of operating cash flow (after deduction for capital renewals reserve and owner's priority)	Reimbursement of hotel's pro rata share of group services	11.5% of owner's total investment	$174,950,115
Marriott Seattle Waterfront	3%	After payment of owner's 1st priority, remaining operating profit is split between owner and manager, such that manager receives 30% of remaining operating profit that is less than the sum of $15,113,000 plus 10.75% of owner-funded capital expenses, and 50% of the operating profit in excess of such sum	Reimbursement of the hotel's pro rata share of chain services, capped at 2.2% of gross revenues per fiscal year	Owner's 1st Priority: 10.75% of owner's investment Owner's 2nd Priority: After payment of the owner's 1st priority, remaining operating profit is split between owner and manager, such that owner receives 70% of remaining operating profit that is less than the sum of $15,113,000 plus 10.75% of owner-funded capital expenses, and 50% of the operating profit in excess of such sum	$91,571,054
The Clancy	5%	50% of the excess of operating profit (after deduction for contributions to the FF&E reserve) over owner's priority up to the Spread Threshold of $3,000,000, reduced to 25% for Operating Profit exceeding the Spread Threshold.	1.5% of gross room sales	$12,478,067, plus 11.5% of owner funded capital expenses	Not applicable
The Notary Hotel	4%	20% of the excess of operating profit over owner's priority	1.5% of gross room sales	$9,053,011 Plus 10.25% of owner-funded capital expenditures after the effective date, the amount of reserve shortfalls funded by Owner after the effective date, and the amount of owner-funded capital expenditures spent for completion of the conversion of the hotel to The Notary Hotel, up to $18,000,000	Not applicable
Sofitel Chicago Magnificent Mile	3%	20% of the amount by which the hotel's annual net operating income exceeds a threshold amount (equal to 8% of our total investment in the hotel), capped at 2.5% of gross hotel revenues	2% of gross hotel revenues	$13,891,288 plus 8% of all expenditures to fund capital improvements	Not applicable

Hotel	Management Fee[1]	Incentive Fee	Marketing Fee	Owner's Priority[2]	Owner's Investment[2]
Pier House Resort & Spa	Greater of $17,320 monthly or 3%	The lesser of 1% of gross revenues or the amount by which actual house profit exceeds budgeted house profit	Not applicable	Not applicable	Not applicable
Bardessono Hotel and Spa	Greater of $17,320 monthly or 3%	The lesser of 1% of gross revenues or the amount by which actual house profit exceeds budgeted house profit	Not applicable	Not applicable	Not applicable
The Ritz-Carlton St. Thomas	3.0%, comprised of a management fee of 0.4% and a royalty fee of 2.6%	20% of the excess, if any, of Operating Profit for such Fiscal Year over owner's priority for such Fiscal Year	1.0% of gross revenues	$11,097,622 plus 10.25% of the amount of owner-funded capital expenditures	Not applicable
Park Hyatt Beaver Creek Resort & Spa	Greater of 3.0% or $2,627,452 on an annual basis (increased annually by lesser of CPI or 8% of prior year management fee)	12.5% Profit plus 15% of Profit less the Base Fee that is in excess of $4 million	Not applicable	Not applicable	Not applicable
Hotel Yountville	Greater of $17,320 monthly or 3%	The lesser of 1% of gross revenues or the amount by which actual house profit exceeds budgeted house profit	Not applicable	Not applicable	Not applicable
The Ritz-Carlton Sarasota	3%	20% of Available cash flow defined as Net Operating Income minus the owner's priority	1% of gross hotel revenues for each fiscal year, excluding member dues, initiation, or joining fees or deposits of Club members	$7,465,000 plus 10.25% of the amount of future owner-funded capital expenditures	Not applicable
The Ritz-Carlton Lake Tahoe	3%	The sum of (i) 15% of the amount by which Adjusted House Profit ("AHP") for such Fiscal Year exceeds the owner's priority; provided, however, that in no event shall the total, aggregate sum of the Base Fee and the Incentive Fee paid to Operator in any given Fiscal Year exceed 6% of gross revenues for such Fiscal Year	1% of gross revenues for each fiscal year	$9,059,563 plus 10% of the amount of certain owner-funded renovation expenditures, plus 10% of any other owner-funded capital expenditures after 1/1/2022 that were approved by manager, plus a varying additional credit based on the number of condominium units (which are to be constructed) in the voluntary rental program	Not applicable
Cameo Beverly Hills	Greater of $17,320 monthly or 3%	The lesser of 1% of gross revenues or the amount by which actual house profit exceeds budgeted house profit	Not applicable	Not applicable	Not applicable
The Ritz-Carlton Reserve Dorado Beach	3%, comprised of a management fee of 0.4% and a royalty fee of 2.6%	$250,000 if Net House Profit exceeds Owner's Priority plus 20% of the excess of Net House Profit over Owner's Priority with annual true-up	1% of Gross Revenues plus allocation of reimbursable expenses	$14,455,110 plus (a) 11% of any operating losses funded by owner, plus (b) 11% of certain non-routine capital expenditures incurred by manager and certain non-routine owner-funded capital expenditures, plus (c) $100,000 time the number of condominium units in the voluntary rental program at the beginning of each FY, plus (d) an amount negotiated at the beginning of each year for the West Beach Estates and East Beach Villas participating in the standard and flexible voluntary rental program	Not applicable
Four Seasons Resort Scottsdale	3.5%, comprised of a management fee of 3.0% and a royalty fee of 0.5%	7.5% of the amount of operating profit (after deducting property taxes, insurance premiums, and expenditures from the capital reserve) for a particular period, minus the Hurdle Amount applicable for the same period. If there is a negative incentive fee in any year, the negative balance will carry forward and operate as a hurdle to future incentive fees	1.47% of budgeted gross revenues.	$19,741,351.59 (to be reduced to zero in January 1, 2039). Any Additional Capital will be reduced to zero 15 years after made.	Not applicable

(1) Management fee is expressed as a percentage of gross hotel revenue.

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

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

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

Marriott Management Agreements

Term. The remaining base term of each of our seven management agreements with Marriott (or its affiliates) ranges from approximately 6 to 42 years, expiring between December 31, 2030 and December 31, 2065. Each of these agreements has remaining automatic extension options at the discretion of the manager, ranging from two 10-year extensions to four 10-year extensions.

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

Termination Upon Event of Default. A non-defaulting party may terminate the management agreement upon an Event of Default (as defined in the applicable management agreement) generally after the expiration of any notice and cure periods; provided, however, the management agreement may not be terminated by the non-defaulting party unless and until such Event of Default has a material adverse effect on the non-defaulting party. In the case of The Notary Hotel, The Clancy, and The Ritz-Carlton Reserve Dorado Beach, if the defaulting party contests such Event of Default or such material adverse effect, the non-defaulting party may not terminate unless a court of competent jurisdiction has issued a final, binding and non-appealable order finding that the Event of Default has occurred and that the default resulted in a material adverse effect.

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

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

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

Performance Termination. All of the management agreements are structured to provide us with a right to terminate without payment of a termination fee if the manager fails to achieve certain criteria relating to the performance of the applicable hotel. The performance period is measured with respect to any two consecutive fiscal years. The performance criteria generally includes each of the following: (i) operating profit for each such fiscal year is less than the applicable performance termination threshold (as defined in the management agreement), which, (a) in the case of Marriott Seattle Waterfront is 9.5% of the approximate total investment in the hotel, (b) in the case of The Clancy is 82.6% of the owner's priority return (as defined in the management agreement), (c) in the case of The Notary Hotel is 85% of the owner's priority return (as defined in the management agreement), (d) in the case of The Ritz-Carlton St. Thomas is $6,000,000, *plus* 85% of 10.25% of owner-funded capital expenditures incurred after November 20, 2019, (e) in the case of The Ritz-Carlton Sarasota is $6,000,000, (f) in the case of The Ritz-Carlton Lake Tahoe is $7,200,000 minus the annual amount of certain shared facilities expenses relating to offsite parcels that are deemed to gross operating expenses for a fiscal year, and (g) in the case of Dorado Beach, a Ritz-Carlton Reserve, it is 75% of the owner's priority return (as defined in the hotel management agreement), (ii) the RevPAR penetration index of the hotel during each such fiscal year is less than the revenue index threshold (as such terms are defined in the hotel management agreements) which ranges from 0.65 to 1.191 (this item is currently being negotiated for Dorado Beach, a Ritz-Carlton Reserve), and (iii) the fact that the criteria set forth in (i) or (ii) is not the result of certain disruptive events, such force majeure, major renovation, or any default by us under the hotel management agreement. The manager has a right to avoid a performance termination by paying to us the total amount by which the operating profit for each of the fiscal years in question was less than the performance termination threshold for such fiscal years, or in the case of The Notary Hotel and The Clancy, by waiving base management fees (and, with respect to The Ritz-Carlton St. Thomas, certain royalty fees owed to Marriott Switzerland Licensing Company S.ar.L (St. Kitts & Nevis Branch)) until such time as the total amount of waived base management fees equals the shortfall of operating profit for each of the fiscal years in question to the performance termination threshold for such fiscal years.

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

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

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

Hilton Management Agreement

Term. The base term of our management agreement with Hilton (or its affiliates) was 10 years, expiring December 31, 2013. The agreement has been extended through December 31, 2033, and the agreement has two 10-year automatic extension options remaining, at the discretion of the manager.

Events of Default. An "Event of Default" under the management agreement is generally defined to include the bankruptcy or insolvency of either party, the failure to make a payment under the management agreement and failure to cure such non-payment after due notice, a breach by either party of any other covenants or obligations in the management agreement that continues beyond the applicable notice and grace period, failure to maintain certain alcohol licenses and permits under certain circumstances, failure by us to provide manager with sufficient working capital to operate the hotel after due notice and a termination of our operating lease due to our default under the operating lease.

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

Performance Termination. The management agreement provides us with a right to terminate without payment of a termination fee if the manager fails to achieve certain criteria relating to the performance of the applicable hotel. The performance period is measured with respect to any two consecutive fiscal years. The performance criteria are: (i) the hotel's operating cash flow (before deducting our priority return) does not equal or exceed 85% of our priority return (as defined in the management agreement); and (ii) the hotel's yield index is below the base yield index (as such terms are defined in the management agreement), which is 90%. The manager has a right to avoid a performance termination by paying to us an amount within 30 days of due notice equal to the deficiency set forth in (i) above to cure such performance default, but in no event may the manager exercise such cure with respect to more than four full operating years during the initial term or with respect to more than four full operating years during any single extension term. The amount of any shortfall payable by manager to us shall be reduced to the extent of any portion attributable to a force majeure event, performance of certain capital renewals and major capital improvements adversely affecting a material portion of the income generating areas of the hotel, or certain uncontrollable expenses that could not have been reasonably anticipated by the manager.

Early Termination for Casualty. If the hotel is substantially damaged by fire or other casualty such that it cannot be restored within 240 days, or if our lender doesn't provide adequate insurance proceeds to restore the hotel, we may terminate the hotel management agreement. If we undertake to restore the hotel or if we are required to restore the hotel because it was not substantially damaged and fail to commence such repairs within 60 days of receiving sufficient insurance proceeds to complete such work, or fail to complete such repairs within 240 days of the casualty, the manager may terminate the agreement. We have no obligation to restore the premises, however, if the casualty occurs in the last five years of the third renewal term or thereafter.

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

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

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

Four Seasons Management Agreement

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

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

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

Performance Termination. The hotel management agreement provides us with a right to terminate without payment of a termination fee if the manager fails to achieve certain criteria relating to the performance of the hotel. The performance period is measured with respect to any two consecutive fiscal years. The performance criteria are: (i) the hotel's RevPAR for such fiscal years is less than the RevPAR of the top three hotels (a) having substantially the same number of rooms as the Four Seasons Resort Scottsdale, (b) located in the Phoenix metropolitan area, (c) having substantially similar operating philosophy and components as the Four Seasons Resort Scottsdale, and (d) competing for substantially similar market segments as the Four Seasons Resort Scottsdale during the same fiscal years (ranked in terms of achieved room revenue); and (ii) the gross operating profit for the hotel is less than 80% of the amount of budgeted gross operating profit. Four Seasons has a right to avoid a performance termination by paying to us an amount equal to the amount by which the Four Seasons Resort Scottsdale failed to achieve 80% of budgeted gross operating profit for either or both of the fiscal years during the test period, but if Four Seasons pays such amount with respect to only one fiscal year of the applicable test period, the other fiscal year in the test period and the fiscal year immediately following the applicable test period will be deemed to constitute the next test period. Four Seasons may exercise its cure right only twice during each 20-year extension term. Notwithstanding the foregoing, we will not have the right to terminate this agreement if during either fiscal year during an applicable test period, one or more of the following events occurs and, in their totality, after giving effect to proceeds received from any applicable business interruption insurance, they adversely affect gross operating profit or RevPAR: casualty, condemnation, a force majeure event, a capital refurbishing program affecting 20% or more of the hotel.

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

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

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

Accor Management Agreement

Term. The initial term of the Sofitel Chicago Magnificent Mile management agreement expires on December 31, 2030 and automatically renews for three consecutive 10-year renewal terms, at the discretion of the manager.

Events of Default. An "Event of Default" is generally defined to include the failure to make a payment under the Accor management agreement and failure to cure such non-payment after the applicable notice and cure period, the bankruptcy or insolvency of either party, a failure by either party to maintain at all times all of the insurance required to be maintained by such party and failure to cure such default after the applicable notice and cure period, the failure by either party to perform any of the material covenants in the Accor management agreement that continues beyond the applicable notice and cure period and a transfer of the Accor management agreement by either party in violation of the provisions there of. The occurrence of an Event of Default prevents the defaulting party from transferring the management agreement without the consent of the non-defaulting party.

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

Performance Termination. We have the right to terminate the management agreement without payment of a termination fee if the manager fails to achieve certain criteria relating to the performance of the hotel. The performance period is measured with respect to any two consecutive operating years. The performance criteria are: (i) the RevPAR for the hotel is less than 90% of the RevPAR for the hotel's competitive set for each such operating year and (ii) the adjusted net operating income (meaning the net operating income less the hurdle amount of approximately $13.9 million plus 8% of any amounts we spent on capital expenditures) is a negative number (i.e. less than zero) for each such operating year, provided that for any operating year in which the operation of the hotel is materially and adversely affected by a force majeure event, a refurbishing program or major capital improvements, the RevPAR for the hotel and the adjusted net operating income for such operating years shall be adjusted equitably. The manager will have a right up to three times in any eight-year period to avoid a performance termination by paying to us a cure amount that equals, for any operating year, the lower of (i) the amount by which the adjusted net operating income is less than zero and (ii) the amount that we would have been entitled to receive as a distribution from the hotel had the hotel not had a RevPAR shortfall.

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

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

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

Park Hyatt Beaver Creek Resort & Spa Management Agreement

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

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

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

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

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

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

Remington Hospitality Master Hotel Management Agreement

General. We are party to an Amended and Restated Hotel Master Management Agreement, dated August 8, 2018 with Remington Hospitality, which agreement we refer to below as the "master hotel management agreement." Pursuant to the master hotel management agreement, Remington Hospitality currently manages the Pier House Resort & Spa, the Bardessono Hotel and Spa, Hotel Yountville and Cameo Beverly Hills. The master hotel management agreement will also govern the management of hotels we acquire in the future that are managed by Remington Hospitality, which has the right to manage and operate hotel properties we acquire in the future unless our independent directors either (i) unanimously elect not to engage Remington Hospitality, or (ii) by a majority vote, elect not to engage Remington Hospitality because they have determined, in their reasonable business judgment, (A) special circumstances exist such that it would be in our best interest not to engage Remington Hospitality for the particular hotel, or (B) based on the prior performance of Remington Hospitality, another manager or developer could perform the management duties materially better than Remington Hospitality for the particular hotel. See "Certain Agreements—Mutual Exclusivity Agreements—Remington Hospitality Hotel Management MEA—Exclusivity Rights of Remington Hospitality."

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

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

- $17,320 (increased annually based on consumer price index adjustments); or
- 3% of the gross revenues associated with that hotel for the related month.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Annual Operating Budget. The master hotel management agreement provides that not less than 45 days prior to the beginning of each fiscal year during the term of the master hotel management agreement, Remington Hospitality will submit to the TRS lessee for each of the hotels, an annual operating budget setting forth in detail an estimated profit and loss statement for each of the next 12 months (or for the balance of the fiscal year or a partial first fiscal year), including a schedule of hotel room rentals and other rentals and a marketing and business plan for each of the hotels. The budget is subject to the TRS lessee approval, which may not be unreasonably withheld. The budget may be revised from time to time, taking into account such circumstances as the TRS lessee deems appropriate or as business and operating conditions shall demand, subject to the reasonable approval of Remington Hospitality.

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

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

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

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

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

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

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

Premier Master Project Management Agreement

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

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

Amounts Payable under the Master Project Management Agreement. The master project management agreement provides that the TRS lessee will pay Premier a design and construction fee equal to 4% of the total project costs associated with the implementation of the approved capital improvement budget for a hotel until such time that the capital improvement budget and/or renovation project costs involve expenditures in excess of 5% of gross revenues of such hotel, whereupon the design and construction fee will be 3% of total project costs in excess of the 5% of gross revenue threshold. In addition, the TRS lessee will pay Premier market service fees at current market rates with respect to construction management, interior design, architecture, FF&E purchasing, FF&E expediting/freight management, FF&E warehousing and FF&E installation and supervision. Such fees will be payable monthly as the service is delivered based on percentage complete, as reasonably determined by Premier for each service, or payable as set forth in other agreements.

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

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

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

- *Sale.* If any hotel subject to the master project management agreement is sold, our TRS lessee may terminate the master project management agreement with respect to such sold hotel, and our TRS lessee will have no obligation to pay any termination fees.

- *Casualty, Condemnation or Force Majeure.* If there is a casualty with respect to, condemnation of, or the occurrence of any force majeure event with respect to, any of the hotels, the TRS lessee has no obligation to pay any termination fees if the master project management agreement terminates as to those hotels.
- *For Convenience.* With respect to any hotel project-managed by Premier pursuant to the master project management agreement, if the TRS lessee elects for convenience to terminate the project management of such hotel, at any time, including during any renewal term, the TRS lessee must pay a termination fee to Premier, equal to the product of (i) 65% of the aggregate design and construction fees and market service fees for such hotel estimated to be payable to Premier with respect to the applicable hotel for the full current fiscal year in which such termination is to occur (but in no event less than the design and construction fees and market service fees for the preceding full fiscal year) and (ii) nine.

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

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

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

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

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

Indemnity Provisions. Premier has agreed to indemnify the TRS lessee against all damages not covered by insurance that arise from: (i) the fraud, willful misconduct or gross negligence of Premier; (ii) infringement by Premier of any third party's intellectual property rights; (iii) the knowing or reckless placing, discharge, leakage, use or storage of hazardous materials in violation of applicable environmental laws on or in any of our hotels by Premier; or (iv) the breach by Premier of the master project management agreement, including action taken by Premier beyond the scope of its authority under the master project management agreement, which is not cured.

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

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

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

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

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

Mutual Exclusivity Agreements

Remington Hospitality Hotel Management MEA

General. We are a party to an Amended and Restated Mutual Exclusivity Agreement dated August 8, 2018 with Remington Hospitality, which agreement we refer to below as the "hotel management MEA."

Term. The initial term of the hotel management MEA was through November 19, 2023. This term automatically extends for three additional renewal periods of seven years each and a final renewal period of four years, for a total of up to 35 years. The agreement may be sooner terminated because of:

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

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

Our Exclusivity Rights. Remington Hospitality and Mr. Monty J. Bennett have granted us a first right of refusal to pursue certain lodging investment opportunities identified by Remington Hospitality or its affiliates (including Mr. Bennett), including opportunities to buy hotel properties, to buy land and build hotels, or to otherwise invest in hotel properties that satisfy our initial investment guidelines and are not considered excluded transactions pursuant to the hotel management MEA. If investment opportunities are identified and are subject to the hotel management MEA, and we have not materially modified our initial investment guidelines without the written consent of Remington Hospitality, then Remington Hospitality, Mr. Bennett and their affiliates, as the case may be, will not pursue those opportunities (except as described below) and will give us a written notice and description of the investment opportunity, and we will have 10 business days to either accept or reject the investment opportunity. If we reject the opportunity, Remington Hospitality may then pursue such investment opportunity, subject to a right of first refusal in favor of Ashford Trust pursuant to an existing agreement between Ashford Trust and

Remington Hospitality, on materially the same terms and conditions as offered to us. If the terms of such investment opportunity materially change, then Remington Hospitality must offer the revised investment opportunity to us, whereupon we will have 10 business days to either accept or reject the opportunity on the revised terms.

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

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

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

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

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

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

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

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

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

- Mr. Monty J. Bennett is removed as our chief executive officer or as chairman of our board of directors or is not re-appointed to either position, or he resigns as chief executive officer or chairman of our board of directors;

- we terminate the Remington Hospitality exclusivity rights pursuant to the terms of the hotel management MEA; or
- our advisory agreement with Ashford LLC is terminated for any reason pursuant to its terms and Mr. Monty J. Bennett is no longer serving as our chief executive officer and chairman of our board of directors.

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

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

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

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

Premier Project Management MEA

General. In August 2018 we entered into the Mutual Exclusivity Agreement dated as of August 8, 2018 with Braemar OP and Premier, which agreement we refer to below as the "project management MEA," pursuant to which Premier gave us a first right of refusal to purchase any lodging-related investments identified by Premier and any of its affiliates that met our initial investment criteria, and we agreed to engage Premier to provide project management for hotels we acquired or invested in, to the extent that we had the right or controlled the right to direct such matters.

Term. The initial term of the project management MEA was through November 19, 2023. This term automatically extends for three additional renewal periods of seven years each and a final renewal period of four years, for a total of up to 35 years. The agreement may be sooner terminated because of:

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

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

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

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

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

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

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

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

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

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

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

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

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

Ashford Trust Right of First Offer Agreement

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

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

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

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

TRS Leases

Three of the hotels we acquired from Ashford Trust in connection with the spin-off are owned by our operating partnership and leased to subsidiaries of Braemar TRS. Two of our hotels have been held in a joint venture in which we have a 75% equity interest, until one of the hotels was sold in July 2024. The two hotels owned by the joint venture are leased to subsidiaries of the joint venture, which two subsidiaries we have elected to treat as TRSs. Since 2013 Braemar TRS has formed multiple subsidiaries which lease acquired hotels. Braemar TRS has elected to be treated as a TRS. Generally, we intend to lease all hotels we acquire in the future, other than pursuant to sale-leaseback transactions with unrelated third parties, to a TRS lessee, pursuant to the terms of leases that are generally similar to the terms of the existing leases, unless not appropriate based on relevant regulatory factors. Ashford LLC will negotiate the terms and provisions of each future lease, considering such things as the purchase price paid for the hotel, then current economic conditions and any other factors deemed relevant at the time. One hotel property, located in the U.S. Virgin Islands, is owned by our USVI TRS.

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

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

Maintenance and Modifications. Each TRS lessee is required to establish and fund, in respect of each fiscal year during the terms of the leases, a reserve account, in the amount of at least 4% of gross revenues per year to cover the cost of capital expenditures, which costs will be paid by our operating partnership. Each TRS lessee shall be required to make (at our sole cost and expense) all capital expenditures required in connection with emergency situations, legal requirements, maintenance of the applicable franchise agreement, the performance by lessee of its obligations under the lease and other permitted additions to the leased property. We also have the right to make additions, modifications or improvements so long as our actions do not significantly alter the character or purposes of the property, significantly detract from the value or operating efficiency of the property, significantly impair the revenue producing capability of the property or affect the ability of the lessee to comply with the terms of their lease. All capital expenditures relating to material structural components involving expenditures of $1 million or more are subject to the approval of our operating partnership. Each TRS lessee is responsible for all routine repair and maintenance of the hotels, and our operating partnership will be responsible for non-routine capital expenditures.

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

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

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

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

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

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

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

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

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

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

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

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

Ground Lease

One of our hotels is subject to ground lease that cover all of the land underlying the hotel.

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

Regulation

General

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

Governmental Regulations

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

Environmental Matters

Under various laws relating to the protection of the environment, a current or previous owner or operator (including tenants) of real estate may be liable for contamination resulting from the presence or discharge of hazardous or toxic substances at that property and may be required to investigate and clean up such contamination at that property or emanating from that property. These costs could be substantial and liability under these laws may attach without regard to whether the owner or operator knew of, or was responsible for, the presence of the contaminants, and the liability may be joint and several. The presence of contamination or the failure to remediate contamination at our hotels may expose us to third-party liability or materially and adversely affect our ability to sell, lease or develop the real estate or to incur debt using the real estate as collateral.

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

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

Insurance

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

Competition

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

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

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

Employees

We have no employees. Our appointed officers are provided by Ashford LLC, a subsidiary of Ashford Inc. (collectively, our “advisor”). Advisory services which would otherwise be provided by employees are provided by subsidiaries of Ashford Inc. and by our appointed officers. Subsidiaries of Ashford Inc. have approximately 101 full-time employees who provide advisory services to us. These employees directly or indirectly perform various acquisition, development, asset management, capital markets, accounting, tax, risk management, legal, redevelopment, and corporate management functions pursuant to the terms of our advisory agreement.

Seasonality

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

Access to Reports and Other Information

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

Item 1A. *Risk Factors*

Summary Risk Factors

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

- our ability to raise sufficient capital and/or take other actions to improve our liquidity position or otherwise meet our liquidity requirements;
- actions by our lenders to accelerate loan balances and foreclose on the hotel properties that are security for our loans if we are unable to make debt service payments or satisfy our other obligations under the forbearance agreements;
- general volatility of the capital markets and the market price of our common and preferred stock;
- catastrophic events or geopolitical conditions, such as the conflict between Russia and Ukraine and the more recent Israel-Hamas war;
- availability, terms and deployment of capital;
- unanticipated increases in financing and other costs, including changes in interest rates;
- availability of qualified personnel to our advisor;
- actual and potential conflicts of interest with Ashford Trust, Ashford Inc. and its subsidiaries (including Ashford LLC, Remington Hospitality and Premier), Stirling Inc. and our executive officers and our non-independent directors;
- changes in personnel of Ashford LLC or the lack of availability of qualified personnel;
- changes in governmental regulations, accounting rules, tax rates and similar matters;
- legislative and regulatory changes, including changes to the Internal Revenue Code of 1986, as amended (the “Code”) and related rules, regulations and interpretations governing the taxation of REITs; and
- limitations imposed on our business and our ability to satisfy complex rules in order for us to qualify as a REIT for U.S. federal income tax purposes.

Risks Related to Our Business and Properties

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

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

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

Our business could be adversely affected by unstable economic and political conditions within the United States and foreign jurisdictions and geopolitical conflicts, such as the conflict between Russia and Ukraine and the more recent Israel-Hamas war. Because economic conditions in the United States may affect demand within the hospitality industry, current and future economic conditions in the United States, including slower growth, stock market volatility and recession fears, could have a material adverse impact on our earnings and financial condition. Economic conditions may be affected by numerous factors, including but not limited to, the pace of economic growth and/or recessionary concerns, inflation, increases in the levels of unemployment, energy prices, tariffs and trade barriers, changes in currency exchange rates, uncertainty about government fiscal and tax policy, geopolitical events, the regulatory environment and the availability of credit and interest rates. President Trump has indicated that his administration is likely to impose significant tariffs on imported goods. The imposition of such tariffs may strain international trade relations and increase the risk that foreign governments implement retaliatory tariffs on goods imported from the United States.

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

We regularly maintain cash balances at our banks in excess of the Federal Deposit Insurance Corporation (the "FDIC") insurance limit. If our banks enter receivership or become insolvent in the future in response to financial conditions affecting the banking system and financial markets, our ability to access our existing cash, cash equivalents and investments may be threatened and could have a material adverse effect on our business and financial condition.

We may not pay dividends on our common stock or preferred stock in the future.

The board of directors declared cash dividends on the Company's 5.5% Series B Cumulative Convertible Preferred Stock and 8.25% Series D Cumulative Preferred Stock for each quarter of 2024 and 2023 and for the Company's Series E Redeemable Preferred Stock and Series M Redeemable Preferred Stock for each month of 2024 and 2023. On December 8, 2022, our board of directors increased the quarterly cash dividend from $0.01 per diluted share to $0.05 per diluted share beginning with the Company's common stock dividend for the fourth quarter of 2022. The Company paid a quarterly cash dividend of $0.05 per share for the Company's common stock for each of 2023 and 2024, or $0.20 per share on an annualized basis. On December 10, 2024, our board of directors approved the Company's dividend policy for 2025. The approval of our dividend policy does not commit our board of directors to declare future dividends with respect to any quantity or the amount thereof and the board of directors may decide not to pay any dividends on our common stock and/or preferred stock. We may not pay dividends on our common stock or preferred stock in the future. If we fail to pay dividends on our common stock or preferred stock, the market price of our common stock or preferred stock will likely be adversely affected.

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

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

Similarly, pursuant to our hotel management agreement with Remington Hospitality, a subsidiary of Ashford Inc., we pay Remington Hospitality monthly base hotel management fees on a per hotel basis equal to the greater of approximately $17,000 per hotel (increased annually based on consumer price index adjustments) or 3% of gross revenues. As a result, even if revenues at our hotels decline significantly, we will still be required to make minimum monthly payments to Remington Hospitality equal to approximately $17,000 per hotel (increased annually based on consumer price index adjustments), which could adversely impact our liquidity and financial condition.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Additionally, because U.S. federal income tax laws restrict REITs and their subsidiaries from operating or managing hotels, third parties must operate our hotels. A REIT may lease its hotels to TRSs in which the REIT can own up to a 100% interest. A TRS pays corporate-level income tax and may retain any after-tax income. A REIT must satisfy certain conditions to use the TRS structure. One of those conditions is that the TRS must hire, to manage the hotels, an "eligible independent contractor" ("EIC") that is actively engaged in the trade or business of managing hotels for parties other than the REIT. An EIC cannot (i) own more than 35% of the REIT, (ii) be owned more than 35% by persons owning more than 35% of the REIT, or

(iii) provide any income to the REIT (i.e., the EIC cannot pay fees to the REIT, and the REIT cannot own any debt or equity securities of the EIC). Accordingly, while we may lease hotels to a TRS that we own, the TRS must engage a third-party operator to manage the hotels. Thus, our ability to direct and control how our hotels are operated is less than if we were able to manage our hotels directly.

We are parties to hotel management agreements under which unaffiliated third-party hotel managers manage our hotels. We have also entered into a master hotel management agreement with Remington Hospitality, a subsidiary of Ashford Inc., pursuant to which Remington Hospitality currently manages the Pier House Resort & Spa, the Bardessono Hotel and Spa, Hotel Yountville and the Cameo Beverly Hills. We do not supervise any of the hotel managers or their respective personnel on a day-to-day basis. From time to time, disputes may arise between us and our third-party managers regarding their performance or compliance with the terms of the hotel management agreements, which in turn could adversely affect us and we could incur liabilities resulting from loss or injury to our property or to persons at our properties. If we are unable to resolve such disputes through discussions and negotiations, we may choose to terminate our management agreement, litigate the dispute or submit the matter to third-party dispute resolution, the expense of which may be material and the outcome of which may harm our business, operating results or prospects.

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

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

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

Eight of our 15 hotels utilize brands owned by Marriott (or its affiliates) or Hilton (or its affiliates). As a result, our success is dependent in part on the continued success of Marriott and Hilton and their respective brands (or the brands of their affiliates). We believe that building brand value is critical to increase demand and build customer loyalty. Consequently, if market recognition or the positive perception of Marriott and/or Hilton is reduced or compromised, the goodwill associated with the Marriott- and Hilton-branded hotels in our portfolio may be adversely affected. Furthermore, if our relationship with Marriott or Hilton were to deteriorate as a result of disputes regarding the management of our hotels or for other reasons, Marriott and/or Hilton might terminate its current management agreements or franchise licenses with us or decline to manage or provide franchise licenses for hotels we may acquire in the future.

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

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

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

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

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

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

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

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

Ashford LLC and our hotel managers may purchase some of our information technology from vendors, on whom our systems will depend, and Ashford LLC relies on commercially available systems, software, tools and monitoring to provide security for processing, transmission and storage of confidential operator and other customer information. We depend upon the secure transmission of this information over public networks. Ashford LLC’s and hotel managers’ networks and storage applications could be subject to unauthorized access by hackers or others through cyber-attacks, which are rapidly evolving and becoming increasingly sophisticated, or by other means, or may be breached due to operator error, malfeasance or other system disruptions. During the quarter ended September 30, 2023, we had a cyber incident that resulted in the potential exposure of certain personal information. We have completed an investigation and have identified certain information that may have been exposed and notified potentially impacted individuals pursuant to applicable state guidelines. All systems have been restored. Privacy and information security risks have generally increased in recent years because of the proliferation of new technologies, such as ransomware, and the increased sophistication and activities of perpetrators of cyber-attacks. Further, there has been a surge in widespread cyber-attacks during and since the COVID-19 pandemic, and the use of remote work environments and virtual platforms may increase our risk of cyber-attack or data security breaches. In light of the increased risks, including due to the increased remote access associated with work-from-home arrangements as a result of the COVID-19 pandemic, Ashford LLC has dedicated additional resources on our behalf to strengthen the security of our computer systems. In the future, Ashford LLC may expend additional resources on our behalf to continue to enhance our information security measures and/or to investigate and remediate any information security vulnerabilities. Despite these steps, there can be no assurance that we will not suffer a significant data security incident in the future, that unauthorized parties will not gain access to sensitive data stored on our systems or that any such incident will be discovered in a timely manner.

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

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

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

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

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

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

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

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

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

Risks Related to our Debt Financing

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

As of December 31, 2024, we had approximately $1.2 billion of outstanding indebtedness, including approximately $1.1 billion of variable interest rate debt, and we expect to incur additional indebtedness, including additional variable-rate debt. In the future, we may incur additional indebtedness to finance future hotel acquisitions, capital improvements and development activities and other corporate purposes.

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

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

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

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

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

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

Higher interest rates have increased our debt payments and such debt payments may remain high.

As of December 31, 2024, we had approximately $1.2 billion of outstanding indebtedness, including approximately $1.1 billion of variable interest rate debt, and we expect to incur additional indebtedness, including additional variable-rate debt. Higher interest rates in the past few years have negatively impacted nearly all commercial real estate managers, including the Company. Higher interest rates have increased our interest costs on our variable-rate debt and could increase interest expense on any future fixed rate debt we may incur, and interest we pay reduces our cash available for distributions, expansion, working capital and other uses. Moreover, periods of rising interest rates heighten the risks described immediately above under "We have a significant amount of debt, and our organizational documents have no limitation on the amount of additional indebtedness that we may incur in the future."

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

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

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

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

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

There is refinancing risk associated with our debt.

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

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

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

Risks Related to Conflicts of Interest

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

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

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

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

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

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

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

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

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

Remington Hospitality, a subsidiary of Ashford Inc., currently manages the Pier House Resort & Spa, the Bardessono Hotel and Spa, Hotel Yountville and Cameo Beverly Hills. We expect Remington Hospitality will manage certain of the hotels we acquire in the future. Premier, also a subsidiary of Ashford Inc., currently provides design and construction services to us. We expect Premier will also provide design and construction services to us in the future. Conflicts of interest in general and specifically relating to Remington Hospitality and Premier may lead to management decisions that are not in our stockholders' best interest.

As of December 31, 2024, Mr. Monty J. Bennett, chairman of our board of directors and chairman, chief executive officer and a significant stockholder of Ashford Inc. and Mr. Archie Bennett, Jr. together owned approximately 809,937 shares of Ashford Inc. common stock, which represented an approximate 46.6% ownership interest in Ashford Inc., and owned 18,758,600 shares of Ashford Inc. Series D Convertible Preferred Stock, which, along with all unpaid accrued and accumulated dividends thereon, was convertible (at a conversion price of $117.50 per share) into an additional approximate 4,395,281 shares of Ashford Inc. common stock, which if converted as of December 31, 2024 would have increased the Bennetts' ownership interest in Ashford Inc. to 84.9%. The 18,758,600 shares of Series D Convertible Preferred Stock owned by Mr. Monty J. Bennett and Mr. Archie Bennett, Jr. include 360,000 shares owned by trusts.

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

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

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

Under our master hotel management agreement with Remington Hospitality, we have the right to terminate Remington Hospitality based on the performance of the applicable hotel, subject to the payment of a termination fee. The determination of performance is based on the applicable hotel's gross operating profit margin and its RevPAR penetration index, which provides the relative revenue per room generated by a specified property as compared to its competitive set. For each hotel managed by Remington Hospitality, its competitive set consists of a small group of hotels in the relevant market that we and Remington Hospitality believe are comparable for purposes of benchmarking the performance of such hotel. Ashford Inc. has significant influence over the determination of the competitive set for any of our hotels that it manages. Ashford Inc. could artificially enhance the perception of the performance of a hotel by selecting a competitive set that is not performing well or is not comparable to the Remington Hospitality-managed hotel, thereby making it more difficult for us to elect not to use Remington Hospitality for future hotel management.

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

Pursuant to the terms of our hotel management MEA with Remington Hospitality, if investment opportunities that satisfy our investment criteria are identified by Remington Hospitality or its affiliates, Remington Hospitality will give us a written notice and description of the investment opportunity. We will have 10 business days to either accept or reject the investment opportunity. If we reject the opportunity, Remington Hospitality may then pursue such investment opportunity, subject to a right of first refusal in favor of Ashford Trust pursuant to an existing agreement between Ashford Trust and Remington Hospitality, on materially the same terms and conditions as offered to us. If we reject such an investment opportunity, either

Ashford Trust or Remington Hospitality could pursue the opportunity and compete with us. In such a case, Mr. Monty J. Bennett, chairman of our board, in his capacity as chairman and chief executive officer of Ashford Trust could be in a position of directly competing with us, and Remington Hospitality may compete with us with respect to certain investments that we may want to acquire.

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

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

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

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

We have adopted a conflicts of interest policy to address specifically some of the conflicts relating to our activities which requires the approval of a majority of our disinterested directors to approve any transaction, agreement or relationship in which any of our directors or officers, Ashford LLC or its employees, Ashford Trust or Stirling Inc. has an interest. In connection with this policy, our board of directors has established a Related Party Transactions Committee (consisting of Mr. Rinaldi and Ms. Carter), which is empowered to deny a new proposed interested party transaction or recommend the transaction for approval by a majority of the independent directors. Our policies, however, may not be adequate to address all of the conflicts that may arise. In addition, it may not address such conflicts in a manner that is favorable to us.

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

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

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

Risks Related to Hotel Investments

We are subject to general risks associated with operating hotels.

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

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

Our business and financial performance are affected by the health of the worldwide travel industry. Travel expenditures are sensitive to personal and business-related discretionary spending levels, tending to decline or grow more slowly during economic downturns, as well as to disruptions due to other factors, including those discussed below. Decreased travel expenditures could reduce the demand for our services, thereby causing a reduction in revenue. For example, during regional or global recessions, domestic and global economic conditions can deteriorate rapidly, resulting in increased unemployment and a reduction in expenditures for both business and leisure travelers. A slower spending on the services we provide could have a negative impact on our revenue growth.

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

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

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

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

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

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

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

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

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

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

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

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

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

Some of our hotel rooms are booked through Internet travel intermediaries, including, but not limited to, Tripadvisor.com, Travelocity.com, Expedia.com and Priceline.com. As Internet bookings increase, these intermediaries may be able to obtain higher commissions, reduced room rates or other significant contract concessions from our management companies. Moreover, some of these Internet travel intermediaries are attempting to offer hotel rooms as a commodity, by increasing the importance of price and general indicators of quality (such as "three-star downtown hotel") at the expense of brand identification. These intermediaries hope that consumers will eventually develop brand loyalties to their reservations system rather than to the brands under which our properties are franchised. If the amount of sales made through Internet intermediaries increases significantly and results in a decrease in consumer loyalty to the brands under which our hotels are franchised, our rooms revenues may be lower than expected, and our profitability may be adversely affected.

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

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

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

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

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

Our managers, including Remington Hospitality and unaffiliated third-party managers, are responsible for hiring and maintaining the labor force at each of our hotels. Although we do not directly employ or manage employees at our hotels, we still are subject to many of the costs and risks generally associated with the hotel labor force, particularly at those hotels with unionized labor. From time to time, hotel operations may be disrupted as a result of strikes, lockouts, public demonstrations or other negative actions and publicity. We also may incur increased legal costs and indirect labor costs as a result of contract disputes involving our managers and their labor force or other events. The resolution of labor disputes or re-negotiated labor contracts could lead to increased labor costs, a significant component of our hotel operating costs, either by increases in wages or benefits or by changes in work rules that raise hotel operating costs. We do not have the ability to affect the outcome of these negotiations. Our third party managers may also be unable to hire quality personnel to adequately staff hotel departments, which could result in a sub-standard level of service to hotel guests and hotel operations.

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

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

Risks Related to the Real Estate Industry

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

On August 16, 2022, the Inflation Reduction Act of 2022 (“IRA”) was signed into law, with tax provisions primarily focused on implementing a 15% corporate alternative minimum tax on global adjusted financial statement income and a 1% excise tax on share repurchases. The IRA also created a number of potentially beneficial tax credits to incentivize investments in certain technologies and industries. Certain provisions of the IRA became effective in fiscal 2023 and the Treasury Department and IRS have announced their intentions to continue to release and finalize regulations and other guidance implementing the IRA in fiscal 2024. The IRA has not had a material negative impact on our business.

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

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

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

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

We may experience uninsured or underinsured losses.

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

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

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

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

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

Risks Related to Investments in Securities

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

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

Our prior investment performance is not indicative of future results.

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

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

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

Risks Related to Our Organization and Structure

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

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

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

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

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

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

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

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

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

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

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

These provisions include the following:

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

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

Certain provisions of Maryland law could inhibit changes in control.

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

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

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

Our charter opts out of the business combination/moratorium and control share provisions of the MGCL. Through a provision unrelated to Subtitle 8, our charter provides that directors may only be removed for cause and by the vote of a majority of the stockholders. Because the opt outs from the business combination/moratorium and control share provisions of the MGCL are contained in our charter, they cannot be amended unless the board of directors recommends the amendment and the stockholders approve the amendment. Additionally, our board of directors has adopted a resolution that makes an election prohibiting us from making any of the elections permitted by Subtitle 8 unless such election is first approved by a stockholder vote.

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

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

- amend or revise at any time our dividend policy with respect to our common stock or preferred stock (including by eliminating, failing to declare, or significantly reducing dividends on these securities);
- terminate Ashford LLC under certain conditions pursuant to our advisory agreement;
- amend or revise at any time and from time to time our investment, financing, borrowing and dividend policies and our policies with respect to all other activities, including growth, debt, capitalization and operations;
- amend our policies with respect to conflicts of interest provided that such changes are consistent with applicable legal requirements;
- subject to the terms of our charter, prevent the ownership, transfer and/or accumulation of shares in order to protect our status as a REIT or for any other reason deemed to be in the best interests of us and our stockholders;
- subject to the terms of any outstanding classes or series of preferred stock, issue additional shares of common stock and/or common units without obtaining stockholder approval, which could dilute the ownership of our then-current stockholders;

- subject to the terms of any outstanding classes or series of preferred stock, amend our charter to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series, without obtaining stockholder approval;
- subject to the terms of any outstanding classes or series of preferred stock, classify or reclassify any unissued shares of our common stock or preferred stock and set the preferences, rights and other terms of such classified or reclassified shares, including provisions that may have an anti-takeover effect, without obtaining stockholder approval;
- employ and compensate affiliates (subject to disinterested director approval);
- direct our resources toward investments that do not ultimately appreciate over time; and
- determine that it is no longer in our best interests to attempt to qualify, or to continue to qualify, as a REIT.

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

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

Maryland law provides that a director or officer has no liability in that capacity if he or she performs his or her duties in good faith, in a manner he or she reasonably believes to be in our best interests and with the care that an ordinarily prudent person in a like position would use under similar circumstances. In addition, our charter eliminates our directors' and officers' liability to us and our stockholders for money damages except for liability resulting from actual receipt of an improper benefit or profit in money, property or services or a judgment of active and deliberate dishonesty that was material to the cause of action. Our charter requires us to indemnify our directors and officers and to advance expenses prior to the final disposition of a proceeding to the maximum extent permitted by Maryland law for liability actually incurred in connection with any proceeding to which they may be made, or threatened to be made, a party, except to the extent that the act or omission of the director or officer was material to the matter giving rise to the proceeding and was either committed in bad faith or was the result of active and deliberate dishonesty, the director or officer actually received an improper personal benefit in money, property or services, or, in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. As a result, we and our stockholders may have more limited rights against our directors and officers than might otherwise exist under common law. In addition, we are generally obligated to advance the defense costs incurred by our directors and officers, prior to any determination regarding the availability of indemnification if actions are taken against them in their capacity as directors and officers.

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

Our charter authorizes the issuance of up to 250,000,000 shares of common stock and 80,000,000 shares of preferred stock. As of March 10, 2025, we had 67,046,523 shares of our common stock issued and outstanding, 3,078,017 shares of our Series B Cumulative Convertible Preferred Stock, 1,600,000 shares of our Series D Cumulative Preferred Stock, 14,012,020 shares of our Series E Redeemable Preferred Stock and 1,463,654 shares of our Series M Redeemable Preferred Stock. We have also classified 10,000,000 shares of our authorized preferred stock as Series C Preferred Stock. As of March 10, 2025, no shares of Series C Preferred Stock are issued and outstanding. Our charter allows us to create new series of preferred stock at any time. Accordingly, we may issue up to an additional 182,953,477 shares of common stock and 59,846,309 shares of preferred stock.

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

Risks Related to Our Status as a REIT

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

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

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

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

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

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

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

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

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

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

Our TRS structure increases our overall tax liability.

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

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

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

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

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

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

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

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

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

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

If our hotel managers, including Ashford Hospitality Services LLC ("AHS") and its subsidiaries (including Remington Hospitality), do not qualify as "eligible independent contractors," we would fail to qualify as a REIT. Each of the hotel management companies that enters into a management contract with our TRS lessees must qualify as an "eligible independent contractor" under the REIT rules in order for the rent paid to us by our TRS lessees to be qualifying income for our REIT income test requirements. Among other requirements, in order to qualify as an eligible independent contractor a manager must not own more than 35% of our outstanding shares (by value) and no person or group of persons can own more than 35% of our outstanding shares and the ownership interests of the manager, taking into account only owners of more than 5% of our shares and, with respect to ownership interests in such managers that are publicly-traded, only holders of more than 5% of such ownership interests. Complex ownership attribution rules apply for purposes of these 35% thresholds. Although we intend to monitor ownership of our shares by our hotel managers and their owners, it is possible that these ownership levels could be exceeded. Additionally, we and AHS and its subsidiaries, including Remington Hospitality, must comply with the provisions of the private letter ruling we obtained from the IRS in connection with Ashford Inc.'s acquisition of Remington Hospitality to ensure that AHS and its subsidiaries, including Remington Hospitality, continue to qualify as "eligible independent contractors."

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

To qualify as a REIT for U.S. federal income tax purposes, we must continually satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts we distribute to our stockholders and the ownership of our shares of beneficial interest. In order to meet these tests, we may be required to forego investments we might otherwise make. Thus, compliance with the REIT requirements may have a material adverse effect on our performance.

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

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

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

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

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

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

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

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

We may distribute taxable dividends that are payable in cash and common stock at the election of each stockholder subject to certain limitations, including that the cash portion be at least 20% of the total distribution.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Risks Related to our Common Stock

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

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

- actual or anticipated variations in our quarterly operating results;
- changes in our operations or earnings estimates or publication of research reports about us or the industry;
- changes in market valuations of similar companies;

- adverse market reaction to any increased indebtedness we incur in the future;
- additions or departures of key management personnel;
- actions by institutional stockholders;
- failure to meet and maintain REIT qualification;
- speculation in the press or investment community; and
- general market and economic conditions.

In addition, the stock market has experienced price and volume fluctuations that have affected the market prices of many companies in industries similar or related to ours and may have been unrelated to operating performances of these companies. These broad market fluctuations could reduce the market price of our common stock. During the fiscal year ended December 31, 2024, our high common stock price was $3.95 and the low common stock price was $1.79.

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

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

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

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

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

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

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

Our board of directors has approved a share repurchase program under which we may purchase up to $50 million of our common stock from time to time. The specific timing, manner, price, amount and other terms of the repurchases, if any, will be at management's discretion and will depend on market conditions, corporate and regulatory requirements and other factors. We are not required to repurchase shares under the repurchase program, and the board of directors may modify, suspend or terminate the repurchase program at any time for any reason. As of March 10, 2025, we have not repurchased any shares of our common stock under the current $50.0 million repurchase authorization. We cannot predict the impact that future repurchases, if any, of our common stock under this program will have on our stock price or earnings per share. Important factors that could cause us to discontinue or decrease our share repurchases include, among others, unfavorable market conditions, the market price of our common stock, the nature of other investment or strategic opportunities presented to us from time to time, the rate of dilution of our equity compensation programs, our ability to make appropriate, timely, and beneficial decisions as to when, how, and whether to purchase shares under the stock repurchase program, and the availability of funds necessary to continue purchasing stock. If we curtail our repurchase program, our stock price may be negatively affected.

Item 1B. *Unresolved Staff Comments*

None.

Item 1C. *Cybersecurity*

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

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

Governance. Management provided by Ashford Inc. is ultimately responsible for assessing and managing the Company's cybersecurity risk. The information security program is overseen by the Chief Financial Officer of Ashford Inc. and the Chief Technology Officer for Remington Hospitality. A Cyber Incident Response Team comprised of Ashford Inc. and Remington Hospitality employees meets bi-weekly to review incidents that have occurred and/or impacted the Company's electronic assets. The Chief Technology Officer of Remington Hospitality reviews weekly reports that contain an overview of the activity in the department, any United States Computer Emergency Readiness Team alerts processed and all findings from the preventative maintenance tools. The Chief Technology Officer provides such report to the Chief Financial Officer on a quarterly basis. The Audit Committee of the board of directors is then briefed each quarter on the occurrence of any cybersecurity incidents. The board of directors will also be provided an overview of the information security program on an annual basis, including updates on Remington Hospitality's IT team, IT training, implementation, IT controls, cybersecurity testing, the incident response process and the cybersecurity assets of the Company.

Item 2. *Properties*

Offices

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

Hotel Properties

As of December 31, 2024, we held ownership interests in 15 hotel properties that were included in our consolidated operations, which included direct ownership in 14 hotel properties and 75% ownership in one hotel property through equity investments with our partner. Thirteen of our hotel properties are located in the United States, one is located in Puerto Rico, one is located in the U.S. Virgin Islands.

The following table presents certain information related to our hotel properties as of December 31, 2024:

Hotel Property	Location	Total Rooms	% Owned	Owned Rooms	Occupancy	ADR	RevPAR
Fee Simple Properties							
Capital Hilton	Washington, D.C.	559	75 %	419	78.64 %	$ 262.26	$ 206.23
Marriott Seattle Waterfront	Seattle, WA	369	100 %	369	72.96 %	307.67	224.48
The Notary Hotel	Philadelphia, PA	499	100 %	499	66.99 %	234.09	156.83
The Clancy	San Francisco, CA	410	100 %	410	66.29 %	301.79	200.05
Sofitel Chicago Magnificent Mile	Chicago, IL	415	100 %	415	72.54 %	253.68	184.01
Pier House Resort & Spa	Key West, FL	142	100 %	142	71.36 %	621.36	443.41
The Ritz-Carlton St. Thomas	St. Thomas, USVI	180	100 %	180	63.79 %	1,071.81	683.69
Park Hyatt Beaver Creek Resort & Spa	Beaver Creek, CO	193	100 %	193	56.51 %	602.93	340.71
Hotel Yountville	Yountville, CA	80	100 %	80	59.76 %	648.50	387.53
The Ritz-Carlton Sarasota	Sarasota, FL	276	100 %	276	62.46 %	580.22	362.38
The Ritz-Carlton Lake Tahoe (1)	Truckee, CA	170	100 %	170	52.16 %	761.68	397.33
Cameo Beverly Hills (2)	Los Angeles, CA	143	100 %	143	66.95 %	274.33	183.67
The Ritz-Carlton Reserve Dorado Beach (3)	Dorado, Puerto Rico	96	100 %	96	57.54 %	2,239.48	1,288.64
Four Seasons Resort Scottsdale	Scottsdale, AZ	210	100 %	210	53.76 %	888.24	477.54
Ground Lease Property (4)							
Bardessono Hotel and Spa (5)	Yountville, CA	65	100 %	65	60.96 %	1,016.30	619.52
Total		3,807		3,667	67.00 %	$ 465.21	$ 311.68

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

(2) Includes 138 hotel rooms and five residences adjacent to the hotel. On August 1, 2023, the Company announced the rebranding and planned conversion of its Mr. C Beverly Hills in Los Angeles, California to the Cameo Beverly Hills. Following an extensive renovation, which is expected to be completed by the end of 2025, the hotel will join LXR Hotels & Resorts.

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

(4) Some of our hotel properties are on land subject to ground leases, one of which covers the entire property.

(5) The initial ground lease expires in 2065. The ground lease contains two 25-year extension options, at our election.

Item 3. *Legal Proceedings*

On December 20, 2016, a class action lawsuit was filed against one of the Company’s hotel management companies in the Superior Court of the State of California in and for the County of Contra Costa alleging violations of certain California employment laws, which class action affects two hotels owned by subsidiaries of the Company. The court has entered an order granting class certification with respect to: (i) a statewide class of non-exempt employees of our manager who were allegedly deprived of rest breaks as a result of our manager’s previous written policy requiring its employees to stay on premises during rest breaks; and (ii) a derivative class of non-exempt former employees of our manager who were not paid for allegedly missed breaks upon separation from employment. Notices to potential class members were sent out on February 2, 2021. Potential class members had until April 4, 2021 to opt out of the class; however, the total number of employees in the class has not been definitively determined and is the subject of continuing discovery. The opt-out period has been extended until such time that discovery has concluded. In May 2023, the trial court requested additional briefing from the parties to determine whether the case should be maintained, dismissed, or the class de-certified. After submission of the briefs, the court requested that the parties submit stipulations for the court to rule upon. On February 13, 2024, the judge ordered the parties to submit additional briefing related to on-site breaks. A tentative settlement has been reached subject to the respective parties obtaining various approvals. As of December 31, 2024, the estimated settlement liability amount has been accrued.

On June 8, 2022 a lawsuit was filed against various Hilton entities on behalf of a class of all hourly employees at all Hilton-branded managed properties in California, including Hilton La Jolla Torrey Pines. The complaint includes claims for unpaid wages, meal and rest break violations, and unreimbursed business expenses, along with various derivative claims including wage statement, final pay, and Private Attorneys General Act (“PAGA”) claims. On November 30, 2023, Hilton mediated this litigation, but it did not result in a settlement. At the end of the mediation, the mediator submitted a mediator’s proposal for approximately $3.5 million, which the parties have since agreed to. The allocation to Hilton La Jolla Torrey Pines is approximately $401,000, which was accrued as of December 31, 2024.

On August 4, 2020, a lawsuit, Benjamin Zermeno v. Beverly Hills Marriott, was filed in Alameda County Superior Court as a PAGA representative action alleging various wage and hour violations of all Remington Hospitality managed California properties. The plaintiff's individual claims were compelled to arbitration. On August 18, 2022, another lawsuit, Cristina Catalano v. Beverly Hills Marriott and Mr. C, was filed as a PAGA representative action alleging various wage and hour violations of all Remington Hospitality managed California properties. The co-defendant separately settled and the individual arbitration has also settled. A private mediation was held on December 27, 2024 to globally resolve the three outstanding matters. A tentative settlement was reached subject to the parties finalizing the agreement and court approval. As of December 31, 2024, the estimated settlement liability amount has been accrued.

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

During the quarter ended September 30, 2023, we had a cyber incident that resulted in the potential exposure of certain personal information. We have completed an investigation and have identified certain information that may have been exposed and notified potentially impacted individuals pursuant to applicable state guidelines. All systems have been restored. In February of 2024, two class action lawsuits were filed, one in the U.S. District Court for the Northern District of Texas and a second in the 68th District Court for Dallas County related to the cyber incident. The lawsuit filed in the 68th District Court was subsequently dismissed and refiled in the U.S. District Court for the Northern District of Texas. On March 12, 2024, the court ordered the two cases be consolidated. The consolidated case is currently pending in the U.S. District Court for the Northern District of Texas. The parties have reached an agreement, subject to final Court approval, to resolve the class action suit. The amount of the class settlement is approximately $485,000. Ashford Inc. expects the entire settlement amount to be reimbursed through insurance coverage. The hearing for final Court approval of the settlement is scheduled for August 27, 2025.

Our assessment may change depending upon the development of any current or future legal proceedings, and the final results of such legal proceedings cannot be predicted with certainty. If we ultimately do not prevail in one or more of these legal matters, and the associated realized losses exceed our current estimates of the range of potential losses, our consolidated financial position, results of operations, or cash flows could be materially adversely affected in future periods.

Item 4. ***Mine Safety Disclosures***

None.

PART II

Item 5. *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*

Market Price and Dividend Information

Our common stock is listed and traded on the NYSE under the symbol "BHR." On March 10, 2025, there were 529 holders of record.

Distributions and Our Distribution Policy

The board of directors declared cash dividends on the Company's 5.5% Series B Cumulative Convertible Preferred Stock, 8.25% Series D Cumulative Preferred Stock, Series E Redeemable Preferred Stock and Series M Redeemable Preferred Stock for each quarter of 2024 in amounts that such holders of our preferred stock are entitled to receive. Our board of directors declared quarterly cash dividends of $0.05 per diluted share for the Company's common stock for each quarter of 2024. On December 10, 2024, our board of directors approved the Company's dividend policy for 2025. The Company expects to pay a quarterly cash dividend of $0.05 per share for the Company's common stock for 2025, or $0.20 per share on an annualized basis. The approval of our dividend policy does not commit our board of directors to declare future dividends with respect to any quantity or the amount thereof. The board of directors will continue to review its dividend policy on a quarter-to-quarter basis.

To qualify as a REIT, we must distribute to our stockholders an amount at least equal to:

(i) 90% of our REIT taxable income, determined before the deduction for dividends paid and excluding any net capital gain (which does not necessarily equal net income as calculated in accordance with GAAP); plus

(ii) 90% of the excess of our net income from foreclosure property over the tax imposed on such income by the Code; less

(iii) any excess non-cash income (as determined under the Code).

Distributions made by us are authorized and determined by our board of directors in its sole discretion out of funds legally available therefor and are dependent upon a number of factors, including restrictions under applicable law, actual and projected financial condition, liquidity, EBITDA, FFO and results of operations, the revenue we actually receive from our properties, our operating expenses, our debt service requirements, our capital expenditures, prohibitions and other limitations under our financing arrangements, our REIT taxable income, the annual REIT distribution requirements and such other factors as our board of directors deems relevant. For more information regarding risk factors that could materially and adversely affect our ability to make distributions. See "Risk Factors-Risks Related to Our Status as a REIT." We expect that, at least initially, our distributions may exceed our net income under GAAP because of non-cash expenses included in net income. To the extent that our cash available for distribution is less than 90% of our REIT taxable income, we may consider various means to cover any such shortfall, including borrowing under new loans, selling certain of our assets or using a portion of the net proceeds we receive from future offerings of equity, equity-related or debt securities or declaring taxable stock dividends. In addition, our charter allows us to issue preferred stock that could have a preference on distributions, and, if we elect such issuance, the distribution preference on the preferred stock could limit our ability to make distributions to the holders of our common stock. We cannot assure our stockholders that our distribution policy will not change in the future.

Characterization of Distributions

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

	2024		2023		2022	
	Amount	%	Amount	%	Amount	%
Common Stock (cash):						
Ordinary taxable dividend	$ —	— %	$ —	— %	$ 0.0300000	100.00000 %
Unrecaptured 1250 gain	—	— %	—	— %	—	— %
Capital gain distribution	—	— %	—	— %	—	— %
Return of capital	0.2000000	100.00000 %	0.2000000	100.00000 %	—	— %
Total	$ 0.2000000 (1)	100.00000 %	$ 0.2000000 (1)	100.00000 %	$ 0.0300000 (1)	100.00000 %
Preferred Stock – Series B:						
Ordinary taxable dividend	$ —	— %	$ 0.1781351	12.95340 %	$ 1.3752000	100.00000 %
Unrecaptured 1250 gain	—	— %	—	— %	—	— %
Capital gain distribution	1.0383956	75.50870 %	—	— %	—	— %
Return of capital	0.3368044	24.49130 %	1.1970649	87.04660 %	—	— %
Total	$ 1.3752000 (1)	100.00000 %	$ 1.3752000 (1)	100.00000 %	$ 1.3752000 (1)	100.00000 %

	2024		2023		2022	
	Amount	%	Amount	%	Amount	%
Preferred Stock – Series D:						
Ordinary taxable dividend	$ —	— %	$ 0.2671508	12.95340 %	$ 2.0624000	100.00000 %
Unrecaptured 1250 gain	—	— %	—	— %	—	— %
Capital gain distribution	1.5572914	75.50870 %	—	— %	—	— %
Return of capital	0.5051086	24.49130 %	1.7952492	87.04660 %	—	— %
Total	$ 2.0624000 [1]	100.00000 %	$ 2.0624000 [1]	100.00000 %	$ 2.0624000 [1]	100.00000 %
Preferred Stock – Series E:						
Ordinary taxable dividend	$ —	— %	$ 0.2475692	12.95340 %	$ 1.9732000	100.00000 %
Unrecaptured 1250 gain	—	— %	—	— %	—	— %
Capital gain distribution	1.4157881	75.50870 %	—	— %	—	— %
Return of capital	0.4592119	24.49130 %	1.6636608	87.04660 %	—	— %
Total	$ 1.8750000 [1] [4]	100.00000 %	$ 1.9112300 [1] [3]	100.00000 %	$ 1.9732000 [1] [2]	100.00000 %
Preferred Stock – Series M (CUSIP #10482B705):						
Ordinary taxable dividend	$ —	— %	$ 0.2701249	12.95340 %	$ 2.0621000	100.00000 %
Unrecaptured 1250 gain	—	— %	—	— %	—	— %
Capital gain distribution	1.5935356	75.50870 %	—	— %	—	— %
Return of capital	0.5168644	24.49130 %	1.8152351	87.04660 %	—	— %
Total	$ 2.1104000 [1] [4]	100.00000 %	$ 2.0853600 [1] [3]	100.00000 %	$ 2.0621000 [1] [2]	100.00000 %
Preferred Stock – Series M (CUSIP #10482B887):						
Ordinary taxable dividend	$ —	— %	$ 0.2693166	12.95340 %	$ 2.0538000	100.00000 %
Unrecaptured 1250 gain	—	— %	—	— %	—	— %
Capital gain distribution	1.5888239	75.50870 %	—	— %	—	— %
Return of capital	0.5153361	24.49130 %	1.8098034	87.04660 %	—	— %
Total	$ 2.1041600 [1] [4]	100.00000 %	$ 2.0791200 [1] [3]	100.00000 %	$ 2.0538000 [1] [2]	100.00000 %
Preferred Stock – Series M (CUSIP #10482B796):						
Ordinary taxable dividend	$ —	— %	$ 0.2685057	12.95340 %	$ 1.8788000	100.00000 %
Unrecaptured 1250 gain	—	— %	—	— %	—	— %
Capital gain distribution	1.5841121	75.50870 %	—	— %	—	— %
Return of capital	0.5138079	24.49130 %	1.8043000	87.04660 %	—	— %
Total	$ 2.0979200 [1] [4]	100.00000 %	$ 2.0728057 [1] [3]	100.00000 %	$ 1.8788000 [1] [2]	100.00000 %
Preferred Stock – Series M (CUSIP #10482B861):						
Ordinary taxable dividend	$ —	— %	$ 0.2676897	12.95340 %	$ —	— %
Unrecaptured 1250 gain	—	— %	—	— %	—	— %
Capital gain distribution	1.5794004	75.50870 %	—	— %	—	— %
Return of capital	0.5122796	24.49130 %	1.7988703	87.04660 %	—	— %
Total	$ 2.0916800 [1] [4]	100.00000 %	$ 2.0665600 [1] [3]	100.00000 %	$ —	— %
Preferred Stock – Series M (CUSIP #10482B770):						
Ordinary taxable dividend	$ —	— %	$ 0.2668775	12.95340 %	$ —	— %
Unrecaptured 1250 gain	—	— %	—	— %	—	— %
Capital gain distribution	1.5746886	75.50870 %	—	— %	—	— %
Return of capital	0.5107514	24.49130 %	1.7934125	87.04660 %	—	— %
Total	$ 2.0854400 [1] [4]	100.00000 %	$ 2.0602900 [1] [3]	100.00000 %	$ —	— %
Preferred Stock – Series M (CUSIP #10482B846):						
Ordinary taxable dividend	$ —	— %	$ 0.2660653	12.95340 %	$ —	— %
Unrecaptured 1250 gain	—	— %	—	— %	—	— %
Capital gain distribution	1.5699769	75.50870 %	—	— %	—	— %
Return of capital	0.5092231	24.49130 %	1.7879000	87.04660 %	—	— %
Total	$ 2.0792000 [1] [4]	100.00000 %	$ 2.0539653 [1] [3]	100.00000 %	$ —	— %
Preferred Stock – Series M (CUSIP #10482B820):						
Ordinary taxable dividend	$ —	— %	$ 0.2433000	12.95340 %	$ —	— %
Unrecaptured 1250 gain	—	— %	—	— %	—	— %
Capital gain distribution	1.5652576	75.50870 %	—	— %	—	— %
Return of capital	0.5076924	24.49130 %	1.6356405	87.04660 %	—	— %
Total	$ 2.0729500 [1] [4]	100.00000 %	$ 1.8789405 [1] [3]	100.00000 %	$ —	— %

(1) The fourth quarter 2021 distributions paid January 18, 2022 to stockholders of record as of December 31, 2021 are treated as 2022 distributions for tax purposes. The distributions paid January 17, 2023 to stockholders of record as of December 30, 2022 are treated as 2023 distributions for tax purposes. The fourth quarter 2023 distributions paid January 16, 2024 to stockholders of record as of December 29, 2023 are treated as 2024 distributions for tax purposes. The fourth quarter 2024 distributions paid January 15, 2025 to stockholders of record as of December 31, 2024 are treated as 2025 distributions for tax purposes.

(2) Distributions per share reflects the annual rate per share for distributions reportable in 2022.

(3) Distributions per share reflects the annual rate per share for distributions reportable in 2023.

(4) Distributions per share reflects the annual rate per share for distributions reportable in 2024.

Equity Compensation Plan Information

The following table sets forth certain information with respect to securities authorized and available for issuance under our equity compensation plans.

	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights [1]	Weighted-Average Exercise Price Of Outstanding Options, Warrants, And Rights	Number of Securities Remaining Available for Future Issuance	
Equity compensation plans approved by security holders	766,744	N/A	919,551	[2]
Equity compensation plans not approved by security holders	None	N/A	None	
Total	766,744	N/A	919,551	

(1) Consists of rights to acquire our common stock subject to the satisfaction of service and or performance vesting conditions (with the amount shown assuming the maximum level of performance under the 2023 PSU awards). The number of shares subject to issuance under the PSUs (if any) will depend on the ultimate actual performance level, and the Company in its discretion may settle the 2023 PSUs in cash rather than shares of common stock.

(2) As of December 31, 2024, 920,000 shares of our common stock, or securities convertible into approximately 920,000 shares of our common stock, remained available for issuance under our 2013 Equity Incentive Plan.

Purchases of Equity Securities by the Issuer

On May 3, 2024, the board of directors approved a new share repurchase program pursuant to which the board of directors granted a repurchase authorization to acquire shares of the Company’s common stock, par value $0.01 per share, having an aggregate value of up to $50 million. The Board’s authorization replaced any previous repurchase authorizations. As of December 31, 2024, the Company has not repurchased any common stock pursuant to this program.

The following table provides the information with respect to purchases of our common stock during each of the months in the quarter ended December 31, 2024:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of a Publicly Announced Plan	Maximum Dollar Value of Shares That May Yet Be Purchased Under the Plan
Common stock:				
October 1 to October 31	—	—	—	$ 50,000,000
November 1 to November 30	—	—	—	$ 50,000,000
December 1 to December 31	—	—	—	$ 50,000,000
Total	—	—	—	

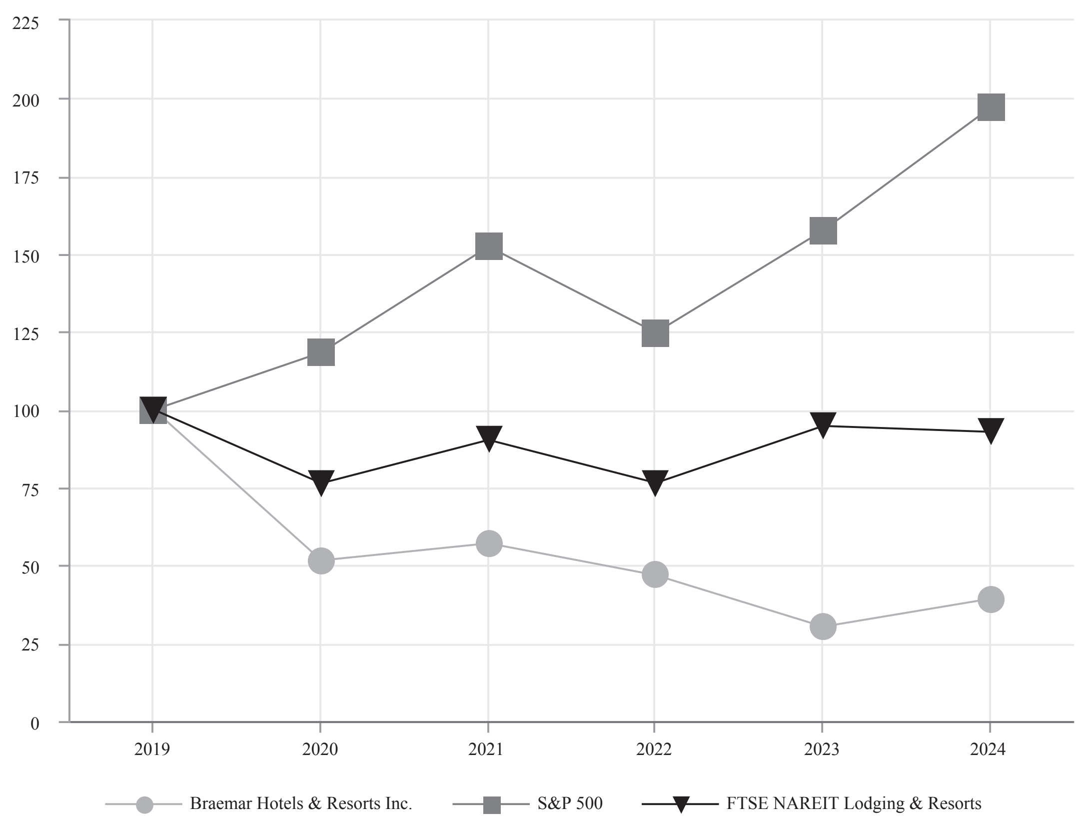
Performance Graph

The following graph compares the percentage change in the cumulative total stockholder return on our common stock with the cumulative total return of the S&P 500 Stock Index and the FTSE NAREIT Lodging & Resorts Index for the period from December 31, 2019 through December 31, 2024, assuming an initial investment of $100 in stock on December 31, 2019 with reinvestment of dividends. The NAREIT Lodging Resorts Index is not a published index; however, we believe the companies included in this index provide a representative example of enterprises in the lodging resort line of business in which we engage. Stockholders who wish to request a list of companies in the FTSE NAREIT Lodging & Resorts Index may send written requests to Braemar Hotels & Resorts Inc., Attention: Investor Relations, 14185 Dallas Parkway, Suite 1200, Dallas, Texas 75254.

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

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN

Among Braemar Hotels & Resorts Inc., the S&P Index and the FTSE NAREIT Lodging & Resorts Index



Item 6. *Reserved*

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

The following Management's Discussion and Analysis ("MD&A") is intended to help the reader understand our results of operations and financial condition. This MD&A is provided as a supplement to, and should be read in conjunction with, our audited consolidated financial statements and the accompanying notes thereto included in Item 8. In addition to historical financial information, the following discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our results and the timing of selected events may differ materially from those anticipated in these forward-looking statements as a result of many factors, including those discussed under "Item 1A. Risk Factors" and elsewhere in this Annual Report on Form 10-K. See "Forward-Looking Statements."

This section of this Form 10-K generally discusses 2024 and 2023 items and year-to-year comparisons between 2024 and 2023. Discussions of 2022 items and year-to-year comparisons between 2023 and 2022 that are not included in this Form 10-K can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

Overview

We are a Maryland corporation formed in April 2013 that invests primarily in high revenue per available room ("RevPAR"), luxury hotels and resorts. High RevPAR, for purposes of our investment strategy, means RevPAR of at least twice the then-current U.S. national average RevPAR for all hotels as determined by STR, LLC. Two times the U.S. national average was $199 for the year ended December 31, 2024. We have elected to be taxed as a REIT under the Code. We conduct our business and own substantially all of our assets through our operating partnership, Braemar OP.

We operate in the direct hotel investment segment of the hotel lodging industry. As of December 31, 2024, we owned interests in 15 hotel properties in seven states, the District of Columbia, Puerto Rico and St. Thomas, U.S. Virgin Islands with 3,807 total rooms, or 3,667 net rooms, excluding those attributable to our joint venture partner. The hotel properties in our current portfolio are predominantly located in U.S. urban markets and resort locations with favorable growth characteristics resulting from multiple demand generators. We own 14 of our hotel properties directly, and the remaining one hotel property, through an investment in a majority-owned consolidated entity.

We are advised by Ashford LLC through an advisory agreement. All of the hotel properties in our portfolio are currently asset-managed by Ashford LLC. We do not have any employees. All of the services that might be provided by employees are provided to us by Ashford LLC.

We do not operate any of our hotel properties directly; instead, we contractually engage hotel management companies to operate them for us under management contracts. As of December 31, 2024, Remington Hospitality, a subsidiary of Ashford Inc., managed four of our 15 hotel properties. Third-party management companies managed the remaining hotel properties.

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

Recent Developments

On July 2, 2024, Braemar, Ashford Trust and Ashford Inc. (collectively with the Company, Ashford Trust and each of Ashford Inc.'s, the Company's and Ashford Trust's respective affiliates (including Stirling Hotels & Resorts, Inc.) and any entity advised by Ashford Inc., the "Company Group") entered into a Cooperation Agreement (the "Agreement") with Blackwells Capital LLC, Blackwells Onshore I LLC, Blackwells Holding Co. LLC, Vandewater Capital Holdings, LLC, Blackwells Asset Management LLC, BW Coinvest Management I LLC and Jason Aintabi (collectively, the "Blackwells Parties") regarding the withdrawal of the Blackwells Parties' proxy campaign, dismissal of pending litigation involving the parties and certain other matters.

Pursuant to the Agreement, the Blackwells Parties have agreed to withdraw (i) the notice delivered to the Company on March 10, 2024 purporting to nominate four director candidates to the Company's board of directors (the "Board") and make certain other proposals and (ii) the definitive proxy statement filed with the U.S. Securities and Exchange Commission (the "SEC") on April 3, 2024 to solicit proxies from stockholders of the Company to vote in favor of the Blackwells Parties' director nominees and proposals.

The Blackwells Parties have also agreed to specified standstill restrictions with respect to the Company Group, which will expire on July 2, 2034. During the standstill period, the Blackwells Parties are required to (i) appear in person or by proxy at each meeting of stockholders of the members of the Company Group in which they beneficially own shares of stock and vote any Blackwells Parties' shares then beneficially owned by them in accordance with the recommendation of the board of directors of such member of the Company Group on any proposals considered at such meeting and (ii) deliver consents or consent revocations in any action by written consent by stockholders of any member of the Company Group in which they beneficially own shares in accordance with the recommendation of the board of directors of such member of the Company Group.

The Agreement also provides for the voluntary dismissal, with prejudice, of the consolidated action previously pending in the U.S. District Court for the Northern District of Texas to which the Company, Blackwells Capital LLC and certain of their respective related parties are parties (the "Consolidated Litigation"). Pursuant to the Agreement, the Consolidated Litigation was voluntarily dismissed, with prejudice, on July 3, 2024. The Company has agreed to reimburse Blackwells Capital LLC, in an amount agreed upon by the parties, for the Blackwells Parties' reasonable attorneys' fees and expenses incurred in connection with the Consolidated Litigation and related matters.

Additionally, pursuant to the Agreement, the Board was required to take steps to identify and select one additional individual to be appointed to the Board as an independent director (the "Additional Board Member"). The Board was required to promptly notify Blackwells Capital LLC of its selection of the Additional Board Member and to consider any input Blackwells Capital LLC may have with respect to the Additional Board Member. In accordance with the Cooperation Agreement, on October 4, 2024, the Board increased the number of directors of the Company from eight to nine and appointed Mr. Jay H. Shah as the Additional Board Member to serve until the Company's next annual meeting of stockholders and until his successor is duly elected and qualified.

The Agreement contains various other obligations and provisions applicable to the Company Group and the Blackwells Parties, including a mutual release of claims and mutual non-disparagement.

Concurrently and in connection with the Agreement, certain of the parties thereto have also entered into a Share Ownership Agreement (the "Share Ownership Agreement") and a Loan Agreement (the "Loan Agreement"), pursuant to which agreements the Company will provide to BW Coinvest I, LLC ("Borrower") an unsecured loan (the "Loan"). The proceeds from the Loan will be used to reimburse Borrower for 70% of the amount expended by Borrower to purchase on the open market a total of 3,500,000 shares of the Company's common stock (the "Purchased Shares") within six months of the date of Loan Agreement, at a price per Purchased Share not to exceed $10 and subject to the other limitations set forth therein. The Loan has a term of five years (the "Term"), is guaranteed by Jason Aintabi, Vandewater Capital Holdings, LLC, Blackwells Holding Co. LLC, and Blackwells Asset Management LLC and shall bear payment-in-kind interest during the Term at a rate equal to the sum of (a) Term SOFR (as defined in the Loan Agreement) and (b) 3.00% (three hundred basis points) per annum. The Company has agreed to reimburse Blackwells Capital LLC, in an amount agreed upon by the parties, for the Blackwells Parties' reasonable due diligence expenses incurred on or prior to the date of the Share Ownership Agreement. As of March 10, 2025, the Company has loaned approximately $8.1 million that has been used to purchase 3.5 million shares of Braemar common stock.

The Company, Braemar OP, Braemar TRS, Ashford Inc. and Ashford Hospitality Advisors LLC (together with Ashford Inc., the "Advisor"), are parties to that certain Fifth Amended and Restated Advisory Agreement, dated as of April 23, 2018 (as amended, the "Advisory Agreement").

The Company has a mortgage loan maturing in June 2025 with an outstanding principal balance of approximately $293 million (the "Mortgage Loan") secured by four hotel properties: The Notary Hotel; The Clancy; Sofitel Chicago Magnificent Mile; and Marriott Seattle Waterfront (the "Hotel Properties"). On August 8, 2024, the parties to the Advisory Agreement entered into a Limited Waiver Under Advisory Agreement (the "Waiver Agreement") that provides, among other things, as follows:

(i) From August 8, 2024 until the earlier of (a) November 15, 2025 and (b) the refinancing of the Mortgage Loan (the "Loan Outside Date"), the Advisor waives the operation of Section 12.4(a) of the Advisory Agreement that would permit the Advisor to terminate the Advisory Agreement occurring solely as a result from the sale or disposition of one or more of the Hotel Properties as a result of a mortgage foreclosure, deed-in-lieu of mortgage foreclosure, mezzanine loan foreclosure or an assignment in-lieu of a mezzanine loan foreclosure following the failure of the Company to pay, upon the maturity of the Mortgage Loan, all amounts due and payable thereunder (the "Limited Waiver");

(ii) Upon the satisfaction of certain conditions, the Company may request the Advisor agree to amend the Waiver Agreement to extend the Loan Outside Date for a period not to exceed ninety (90) days from November 15, 2025 and if the Advisor agrees to such amendment, the Advisor shall not be entitled to any further consideration in respect thereof;

(iii) If the members of the board of directors change such that members who constitute the Board as of August 8, 2024 (the "Incumbent Board") no longer constitute at least a majority of the board of directors (other than those whose election to the board of directors is approved or recommended to stockholders of the Company by a vote of at least a majority of the Incumbent Board), the Limited Waiver shall be null and void ab initio (but the consideration provided by the Company to the Advisor as described in item (iv) below shall remain in force); and

(iv) In exchange for the Limited Waiver and the other agreements provided by the Advisor in the Waiver Agreement, the Company agrees to pay the Advisor an amount equal to the Advisor's obligation under the Advisor's current employment agreement with Richard J. Stockton, the Company's President and Chief Executive Officer (the "Stockton Employment Agreement"), to pay Mr. Stockton a multiple of his Base Salary (as defined in the Stockton Employment Agreement) that becomes payable by the Advisor to Mr. Stockton as the result of the occurrence of certain events as more fully described in the Waiver Agreement.

On January 14, 2025, the Company amended its mortgage loan secured by the 170-room Ritz-Carlton Lake Tahoe. The terms of the amendment included a $10.0 million principal pay down, extending the current maturity date to July 2025, an interest rate reduction to SOFR + 3.25%, and one six-month extension option subject to satisfaction of certain conditions. The mortgage loan had an initial maturity date in January 2025.

On March 7, 2025, the Company refinanced its $293.2 million mortgage loan secured by The Clancy, The Notary Hotel, Marriott Seattle Waterfront, and Sofitel Chicago Magnificent Mile, which had an interest rate of SOFR + 2.66% and a final maturity date in June of 2025 and its $62.0 million mortgage loan secured by The Ritz-Carlton Reserve Dorado Beach, which had an interest rate of SOFR + 4.75% and a final maturity date in March of 2026. The new $363.0 million mortgage loan bears interest at a floating interest rate of SOFR + 2.52% and has a two-year initial term with three one-year extension options, subject to the satisfaction of certain conditions. The mortgage loan is secured by five hotels: The Clancy, The Notary Hotel, Marriott Seattle Waterfront, Sofitel Chicago Magnificent Mile, and The Ritz-Carlton Reserve Dorado Beach. The $363.0 million mortgage loan amount represents an approximate 49% loan-to-value based on third-party appraisals completed by the lender. The appraisals valued the hotels at approximately $742 million based on the sum of their "as-is" values.

On March 10, 2025, we entered into a Limited Waiver Under Advisory Agreement with Ashford Inc. and Ashford LLC (the "2025 Advisory Agreement Limited Waiver"). Pursuant to the 2025 Advisory Agreement Limited Waiver, the Company, the Operating Partnership, TRS and the Advisor waive the operation of any provision in our advisory agreement that would otherwise limit the ability of the Company in its discretion, at the Company's cost and expense, to award during the first and second fiscal quarters of calendar year 2025, cash incentive compensation to employees and other representatives of the Advisor.

Key Indicators of Operating Performance

We use a variety of operating and other information to evaluate the operating performance of our business. These key indicators include financial information that is prepared in accordance with GAAP, as well as other financial measures that are non-GAAP measures. In addition, we use other information that may not be financial in nature, including statistical information and comparative data. We use this information to measure the operating performance of our individual hotels, groups of hotels and/or business as a whole. We also use these metrics to evaluate the hotels in our portfolio and potential acquisitions to determine each hotel's contribution to cash flow and its potential to provide attractive long-term total returns. These key indicators include:

- ***Occupancy.*** Occupancy means the total number of hotel rooms sold in a given period divided by the total number of rooms available. Occupancy measures the utilization of our hotels' available capacity. We use occupancy to measure demand at a specific hotel or group of hotels in a given period.
- ***ADR.*** ADR means average daily rate and is calculated by dividing total hotel rooms revenues by total number of rooms sold in a given period. ADR measures average room price attained by a hotel and ADR trends provide useful information concerning the pricing environment and the nature of the customer base of a hotel or group of hotels. We use ADR to assess the pricing levels that we are able to generate.
- ***RevPAR.*** RevPAR means revenue per available room and is calculated by multiplying ADR by the average daily occupancy. RevPAR is one of the commonly used measures within the hotel industry to evaluate hotel operations. RevPAR does not include revenues from food and beverage sales or parking, telephone or other non-rooms revenues generated by the property. Although RevPAR does not include these ancillary revenues, it is generally considered the leading indicator of core revenues for many hotels. We also use RevPAR to compare the results of our hotels between periods and to analyze results of our comparable hotels (comparable hotels represent hotels we have owned for the entire period). RevPAR improvements attributable to increases in occupancy are generally accompanied by increases

in most categories of variable operating costs. RevPAR improvements attributable to increases in ADR are generally accompanied by increases in limited categories of operating costs, such as management fees and franchise fees.

RevPAR changes that are primarily driven by changes in occupancy have different implications for overall revenues and profitability than changes that are driven primarily by changes in ADR. For example, an increase in occupancy at a hotel would lead to additional variable operating costs (including housekeeping services, utilities and room supplies) and could also result in increased other operating department revenue and expense. Changes in ADR typically have a greater impact on operating margins and profitability as they do not have a substantial effect on variable operating costs.

Occupancy, ADR and RevPAR are commonly used measures within the lodging industry to evaluate operating performance. RevPAR is an important statistic for monitoring operating performance at the individual hotel level and across our entire business. We evaluate individual hotel RevPAR performance on an absolute basis with comparisons to budget and prior periods, as well as on a regional and company-wide basis. ADR and RevPAR include only rooms revenue. Rooms revenue is dictated by demand (as measured by occupancy), pricing (as measured by ADR) and our available supply of hotel rooms.

We also use funds from operations ("FFO"), Adjusted FFO, earnings before interest, taxes, depreciation and amortization for real estate ("EBITDAre") and Adjusted EBITDAre as measures of the operating performance of our business. See "Non-GAAP Financial Measures."

Principal Factors Affecting Our Results of Operations

The principal factors affecting our operating results include overall demand for hotel rooms compared to the supply of available hotel rooms, and the ability of our third-party management companies to increase or maintain revenues while controlling expenses.

Demand. The demand for lodging, including business travel, is directly correlated to the overall economy; as GDP increases, lodging demand typically increases. Historically, periods of declining demand are followed by extended periods of relatively strong demand, which typically occurs during the growth phase of the lodging cycle.

Supply. The development of new hotels is driven largely by construction costs, the availability of financing and expected performance of existing hotels. Short-term supply is also expected to be below long-term averages. While the industry is expected to have supply growth below historical averages, we may experience supply growth, in certain markets, in excess of national averages that may negatively impact performance.

We expect that our ADR, occupancy and RevPAR performance will be impacted by macroeconomic factors such as national and local employment growth, personal income and corporate earnings, GDP, consumer confidence, office vacancy rates and business relocation decisions, airport and other business and leisure travel, new hotel construction, the pricing strategies of competitors and currency fluctuations. In addition, our ADR, occupancy and RevPAR performance are dependent on the continued success of the Marriott, Hilton, Four Seasons, Hyatt and Sofitel brands.

Revenue. Substantially all of our revenue is derived from the operation of hotels. Specifically, our revenue is comprised of:

- Rooms revenue: Occupancy and ADR are the major drivers of rooms revenue. Rooms revenue accounts for the substantial majority of our total revenue.
- Food and beverage revenue: Occupancy and the type of customer staying at the hotel are the major drivers of food and beverage revenue (i.e., group business typically generates more food and beverage business through catering functions when compared to transient business, which may or may not utilize the hotel's food and beverage outlets or meeting and banquet facilities).
- Other hotel revenue: Occupancy and the nature of the property are the main drivers of other ancillary revenue, such as telecommunications, parking and leasing services.

Hotel Operating Expenses. The following presents the components of our hotel operating expenses:

- Rooms expense: These costs include housekeeping wages and payroll taxes, reservation systems, room supplies, laundry services and front desk costs. Like rooms revenue, occupancy is the major driver of rooms expense and, therefore, rooms expense has a significant correlation to rooms revenue. These costs can increase based on increases in salaries and wages, as well as the level of service and amenities that are provided.
- Food and beverage expense: These expenses primarily include food, beverage and labor costs. Occupancy and the type of customer staying at the hotel (i.e., catered functions generally are more profitable than restaurant, bar or other on-property food and beverage outlets) are the major drivers of food and beverage expense, which correlates closely with food and beverage revenue.

- Management fees: Base management fees are computed as a percentage of gross revenue. Incentive management fees generally are paid when operating profits exceed certain threshold levels.
- Other hotel expenses: These expenses include labor and other costs associated with the other operating department revenues, as well as labor and other costs associated with administrative departments, franchise fees, sales and marketing, repairs and maintenance and utility costs.

Most categories of variable operating expenses, including labor costs such as housekeeping, fluctuate with changes in occupancy. Increases in occupancy are accompanied by increases in most categories of variable operating expenses, while increases in ADR typically only result in increases in limited categories of operating costs and expenses, such as franchise fees, management fees and credit card processing fee expenses which are based on hotel revenues. Thus, changes in ADR have a more significant impact on operating margins than changes in occupancy.

RESULTS OF OPERATIONS

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

The following table summarizes changes in key line items from our consolidated statements of operations for the year ended December 31, 2024 and 2023 (in thousands except percentages):

	Year Ended December 31,		Favorable (Unfavorable)	
	2024	2023	$ Change	% Change
Revenue				
Rooms	$ 452,361	$ 464,899	$ (12,538)	(2.7)%
Food and beverage	181,250	185,331	(4,081)	(2.2)
Other	94,793	89,113	5,680	6.4
Total hotel revenue	728,404	739,343	(10,939)	(1.5)
Expenses				
Hotel operating expenses:				
Rooms	106,465	105,439	(1,026)	(1.0)
Food and beverage	145,901	144,544	(1,357)	(0.9)
Other expenses	225,864	227,913	2,049	0.9
Management fees	23,500	23,261	(239)	(1.0)
Total hotel operating expenses	501,730	501,157	(573)	(0.1)
Property taxes, insurance and other	42,508	38,629	(3,879)	(10.0)
Depreciation and amortization	98,733	93,272	(5,461)	(5.9)
Advisory services fee	30,487	31,089	602	1.9
Corporate general and administrative	14,361	13,523	(838)	(6.2)
Total expenses	687,819	677,670	(10,149)	(1.5)
Gain (loss) on disposition of assets and hotel property	88,165	—	88,165	
Operating income (loss)	128,750	61,673	67,077	108.8
Equity in earnings (loss) of unconsolidated entity	(1,608)	(253)	(1,355)	(535.6)
Interest income	7,135	6,401	734	11.5
Other income (expense)	—	293	(293)	(100.0)
Interest expense and amortization of discounts and loan costs	(108,124)	(94,219)	(13,905)	(14.8)
Write-off of loan costs and exit fees	(6,111)	(3,489)	(2,622)	(75.2)
Gain (loss) on extinguishment of debt	(22)	2,318	(2,340)	(100.9)
Realized and unrealized gain (loss) on derivatives	585	(663)	1,248	(188.2)
Income (loss) before income taxes	20,605	(27,939)	48,544	173.7
Income tax (expense) benefit	(842)	(2,689)	1,847	68.7
Net income (loss)	19,763	(30,628)	50,391	164.5
(Income) loss attributable to noncontrolling interest in consolidated entities	(25,928)	(1,619)	24,309	1,501.5
Net (income) loss attributable to redeemable noncontrolling interests in operating partnership	4,472	5,230	758	14.5
Net income (loss) attributable to the Company	$ (1,693)	$ (27,017)	$ 25,324	93.7 %

All hotel properties owned for the year ended December 31, 2024 and 2023 have been included in our results of operations during the respective periods in which they were owned. Based on when a hotel property was acquired or disposed of, operating results for certain hotel properties are not comparable for the year ended December 31, 2024 and 2023. The hotel properties listed below are not comparable hotel properties for the periods indicated and all other hotel properties are considered comparable hotel properties. The following disposition affects reporting comparability related to our consolidated financial statements:

Hotel Property	Location	Type	Date
Hilton La Jolla Torrey Pines	La Jolla, California	Disposition	July 17, 2024

The following table illustrates the key performance indicators of all hotel properties that were included in our results of operations during the year ended December 31, 2024 and 2023:

	Year Ended December 31,	
	2024	2023
Occupancy	67.63 %	66.94 %
ADR (average daily rate)	$ 452.03	$ 451.48
RevPAR (revenue per available room)	$ 305.72	$ 302.20
Rooms revenue (in thousands)	$ 452,361	$ 464,899
Total hotel revenue (in thousands)	$ 728,404	$ 739,343

The following table illustrates the key performance indicators of the 15 hotel properties that were owned for the full year ended December 31, 2024 and 2023:

	Year Ended December 31,	
	2024	2023
Occupancy	67.00 %	65.72 %
ADR (average daily rate)	$ 465.21	$ 475.92
RevPAR (revenue per available room)	$ 311.68	$ 312.76
Rooms revenue (in thousands)	$ 436,861	$ 436,164
Total hotel revenue (in thousands)	$ 700,504	$ 688,628

Net Income (Loss) Attributable to the Company. Net loss attributable to the Company decreased $25.3 million from a net loss of $27.0 million for the year ended December 31, 2023 ("2023") to $1.7 million for the year ended December 31, 2024 ("2024"), as a result of the factors discussed below.

Rooms Revenue. Rooms revenue decreased $12.5 million to $452.4 million during 2024 compared to 2023 primarily due to the sale of the Hilton La Jolla Torrey Pines in July 2024. During 2024, we experienced an increase of 0.1% in room rates and a 69 basis point increase in occupancy compared to 2023.

Fluctuations in rooms revenue between 2024 and 2023 are a result of the changes in occupancy and ADR between 2024 and 2023 as reflected in the table below (dollars in thousands):

	Favorable (Unfavorable)		
Hotel Property	Rooms Revenue	Occupancy (change in bps)	ADR (change in %)
Comparable			
Capital Hilton [1] [2]	$ 5,549	571	4.9 %
Marriott Seattle Waterfront	1,907	227	3.1 %
The Notary Hotel	2,420	456	1.5 %
The Clancy	(2,747)	(453)	(2.4)%
Sofitel Chicago Magnificent Mile	2,437	223	5.9 %
Pier House Resort & Spa	(1,123)	(130)	(3.2)%
The Ritz-Carlton St. Thomas [1]	(2,929)	(264)	(2.5)%
Park Hyatt Beaver Creek Resort & Spa	(1,284)	70	(6.6)%
Hotel Yountville	(978)	(102)	(6.6)%
The Ritz-Carlton Sarasota [1] [2]	(672)	(52)	(1.2)%
Bardessono Hotel and Spa [1]	(1,691)	(526)	(2.8)%
The Ritz-Carlton Lake Tahoe [1] [2]	1,449	218	1.1 %
Cameo Beverly Hills	(2,115)	(583)	(11.1)%
The Ritz-Carlton Reserve Dorado Beach	(442)	(146)	1.4 %
Four Seasons Resort Scottsdale	915	549	(8.2)%
Total	$ 696	128	(2.3)%
Non-comparable			
Hilton La Jolla Torrey Pines	$ (13,234)	29	(0.9)%

[1] This hotel was under renovation during 2024.

[2] This hotel was under renovation during 2023.

Food and Beverage Revenue. Food and beverage revenue decreased $4.1 million, or 2.2%, to $181.3 million during 2024 compared to 2023. We experienced an aggregate decrease in food and beverage revenue of $4.7 million at seven comparable hotel properties as well as a decrease of $6.6 million at Hilton La Jolla Torrey Pines. These decreases were partially offset by an aggregate increase of approximately $7.2 million at Four Seasons Resort Scottsdale, The Ritz-Carlton St. Thomas, The Notary Hotel, Sofitel Chicago Magnificent Mile, Marriott Seattle Waterfront, Capital Hilton, Hotel Yountville, and Pier House Resort & Spa.

Other Hotel Revenue. Other hotel revenue, which consists mainly of condo management fees, health center fees, resort fees, golf, telecommunications, parking and rentals, increased $5.7 million, or 6.4%, to $94.8 million during 2024 compared to 2023. This increase is attributable to higher other hotel revenue of $9.6 million at 12 comparable hotel properties. These increases were partially offset by a decrease of $3.0 million at Hilton La Jolla Torrey Pines as well as an aggregate decrease of approximately $943,000 at The Ritz-Carlton Reserve Dorado Beach, The Ritz-Carlton Lake Tahoe, and The Ritz-Carlton St. Thomas.

Rooms Expense. Rooms expense increased $1.0 million, or 1.0%, to $106.5 million in 2024 compared to 2023. This increase is attributable to an aggregate increase in rooms expense of $4.3 million at nine comparable hotel properties. These increases were partially offset by an aggregate decrease of approximately $1.0 million at The Ritz-Carlton St. Thomas, Bardessono Hotel and Spa, Hotel Yountville, The Clancy, Park Hyatt Beaver Creek Resort & Spa and Cameo Beverly Hills, as well as a decrease of $2.3 million at Hilton La Jolla Torrey Pines.

Food and Beverage Expense. Food and beverage expense increased $1.4 million, or 0.9%, to $145.9 million during 2024 compared to 2023. This increase is attributable to higher food and beverage expense of $6.3 million at twelve comparable hotel properties. These increases were partially offset by an aggregate decrease of approximately $1.5 million at The Ritz-Carlton Lake Tahoe, Cameo Beverly Hills and Bardessono Hotel and Spa, as well as a decrease of $3.5 million at Hilton La Jolla Torrey Pines.

Other Operating Expenses. Other operating expenses decreased $2.0 million, or 0.9%, to $225.9 million in 2024 compared to 2023. Other operating expenses consist of direct expenses from departments associated with revenue streams and indirect expenses associated with support departments and incentive management fees.

We experienced an increase of $938,000 in direct expenses and a decrease of $3.0 million in indirect expenses and incentive management fees in 2024 compared to 2023. Direct expenses were 4.5% of total hotel revenue in 2024 and 4.3% in 2023.

The increase in direct expenses is associated with higher direct expenses of approximately $1.8 million at nine comparable hotel properties. These increases were partially offset by lower direct expenses of $471,000 at The Ritz-Carlton Reserve Dorado Beach, Bardessono Hotel and Spa, Cameo Beverly Hills, The Clancy, The Notary Hotel, and Capital Hilton, as well as $402,000 at Hilton La Jolla Torrey Pines.

The decrease in indirect expenses comprises decreases in: (i) incentive management fees of $1.9 million comprising an aggregate decrease of $1.8 million at our 15 comparable hotel properties and a decrease of $89,000 at the one disposed hotel property; (ii) lease expense of $2.3 million comprising of a decrease of $2.3 million at the one disposed hotel property partially offset by an aggregate increase of $8,000 at our 15 comparable hotel properties; (iii) energy costs of $907,000 comprising a decrease of $911,000 at the one disposed hotel property partially offset by an aggregate decrease of $4,000 at our 15 comparable hotel properties.

These decreases are partially offset by increases in: (i) general and administrative costs of $618,000 comprising an aggregate increase of $2.2 million at our 15 comparable hotel properties partially offset by a decrease of $1.6 million at the one disposed hotel property; (ii) repairs and maintenance of $1.1 million comprising an aggregate increase of $1.6 million at our 15 comparable hotel properties partially offset by a decrease of $516,000 at the one disposed hotel property; and (ii) marketing costs of $334,000 comprising an aggregate increase of $1.9 million at our 15 comparable hotel properties partially offset by a decrease of $1.6 million at the one disposed hotel property.

Management Fees. Base management fees increased $239,000, or 1.0%, to $23.5 million in 2024 compared to 2023. Management fees increased $1.4 million at seven comparable hotel properties. These increases were partially offset by an aggregate decrease of $448,000 at Cameo Beverly Hills, The Ritz-Carlton Reserve Dorado Beach, The Ritz-Carlton St. Thomas, Bardessono Hotel and Spa, The Clancy, Pier House Resort & Spa, Park Hyatt Beaver Creek Resort & Spa, and Hotel Yountville, as well as a decrease of $685,000 at Hilton La Jolla Torrey Pines.

Property Taxes, Insurance and Other. Property taxes, insurance and other increased $3.9 million, or 10.0%, to $42.5 million in 2024 compared to 2023. This increase is primarily attributable to an increase of $4.1 million at the Sofitel Chicago

Magnificent Mile related to a property tax refund received in 2023 and an aggregate increase of $2.7 million at 12 comparable hotel properties. These increases were partially offset by an aggregate decrease of approximately $620,000 at Four Seasons Resort Scottsdale and Park Hyatt Beaver Creek Resort & Spa and a decrease of $1.2 million at Hilton La Jolla Torrey Pines.

Depreciation and Amortization. Depreciation and amortization increased $5.5 million, or 5.9%, to $98.7 million for 2024 compared to 2023. This increase is comprised of an aggregate increase of $11.6 million at ten comparable hotel properties. These increases were partially offset by an aggregate decrease of $4.3 million at The Notary Hotel, The Clancy, Pier House Resort & Spa, The Ritz-Carlton St. Thomas and Sofitel Chicago Magnificent Mile, primarily due to fully depreciated assets, as well as a decrease of $1.8 million at Hilton La Jolla Torrey Pines.

Advisory Services Fee. Advisory services fee decreased $602,000, or 1.9%, to $30.5 million in 2024 compared to 2023 due to lower equity-based compensation of $6.5 million and base advisory fee of $144,000, partially offset by higher reimbursable expenses of $3.3 million and a higher incentive fee of $2.7 million.

In 2024, we recorded an advisory services fee of $30.5 million, which included a base advisory fee of $13.8 million, reimbursable expenses of $11.6 million, $2.3 million associated with equity grants of our common stock and LTIP units awarded to the officers and employees of Ashford Inc. and an incentive fee of $2.7 million.

In 2023, we recorded an advisory services fee of $31.1 million, which included a base advisory fee of $14.0 million, reimbursable expenses of $8.4 million and $8.8 million associated with equity grants of our common stock and LTIP units awarded to the officers and employees of Ashford Inc.

Corporate General and Administrative. Corporate general and administrative expense was $14.4 million in 2024 compared to expense of $13.5 million in 2023. The increase in corporate general and administrative expenses is primarily attributable to higher professional fees of $3.9 million and $6.0 million of reimbursed legal costs in 2024 as well as higher public company costs of $69,000. These increases were partially offset by lower miscellaneous expenses of $299,000 and lower reimbursed operating expenses of Ashford Securities of $8.9 million. The decrease in Ashford Securities reimbursed operations expenses was related to a revision to the estimated contribution amount associated with the Fourth Amended and Restated Contribution Agreement with Ashford Securities that resulted in a $4.5 million credit to expense in 2024.

Gain (loss) on disposition of assets and hotel property. In 2024, we recorded a gain of approximately $88.2 million primarily related to the sale of Hilton La Jolla Torrey Pines. There was no such gain (loss) recorded for 2023.

Equity in Earnings (Loss) of Unconsolidated Entity. In 2024 and 2023, we recorded equity in loss of unconsolidated entity of $1.6 million and $253,000, respectively, related to our investment in OpenKey. In 2024, equity in loss included an impairment charge to the OpenKey investment of $1.4 million. There was no such impairment recorded in 2023.

Interest Income. Interest income was $7.1 million and $6.4 million in 2024 and 2023, respectively. The increase in interest income in 2024 was primarily attributable to higher average excess cash balances in 2024 compared to 2023, as well as by interest income associated with a tranche of CMBS included in investment in securities.

Other Income (Expense). In 2023, we recorded $293,000 of miscellaneous income.

Interest Expense and Amortization of Discounts and Loan Costs. Interest expense and amortization of discounts and loan costs increased $13.9 million, or 14.8%, to $108.1 million for 2024 compared to 2023. The increase is primarily due to higher interest expense from higher average interest rates in 2024 and higher amortization of loan costs of approximately $3.0 million in 2024 compared to 2023. The average SOFR rates for 2024 and 2023 were 5.15% and 4.91%, respectively.

Write-off of Loan Costs and Exit Fees. Write-off of loan costs and exit fees was $6.1 million in 2024 related to various loan refinances and modifications. Write-off of loan costs and exit fees was $3.5 million in 2023 related to related to various loan modifications.

Gain (loss) on Extinguishment of Debt. In 2024, we recognized a loss of $22,000 attributable to the discount associated with the Cameo Beverly Hills mortgage loan that was repaid on April 9, 2024. Gain on extinguishment of debt was $2.3 million in 2023 due to the payoff of The Ritz-Carlton Reserve Dorado Beach mortgage loan. The gain was primarily attributable to the premium that was recorded upon the assumption of the mortgage loan when the hotel was acquired.

Realized and Unrealized Gain (Loss) on Derivatives. Realized and unrealized gain on derivatives of $585,000 for 2024 consisted of an unrealized gain on warrants of $12,000 and a realized gain of $4.7 million associated with payments received from counterparties on in-the-money interest rate caps, partially offset by an unrealized loss on interest rate caps of approximately $4.1 million.

Realized and unrealized loss on derivatives of $663,000 for 2023 consisted of unrealized loss on interest rate caps of approximately $8.7 million, partially offset by an unrealized gain on warrants of $272,000 and a realized gain of $7.8 million associated with payments received from counterparties on in-the-money interest rate caps.

Income Tax (Expense) Benefit. Income tax expense decreased $1.8 million, from $2.7 million in 2023 to $842,000 in 2024. This decrease was primarily due to a decrease in the taxable income of certain of our TRS entities in 2024 compared to 2023.

(Income) Loss Attributable to Noncontrolling Interest in Consolidated Entities. Our noncontrolling interest partner in consolidated entities was allocated income of $25.9 million and $1.6 million in 2024 and 2023, respectively. The allocated income for 2024 includes our partner's share of gain on the sale of the Hilton La Jolla Torrey Pines. At December 31, 2024, noncontrolling interest in consolidated entities represented an ownership interest of 25% in one hotel property held by one entity. At December 31, 2023, noncontrolling interest in consolidated entities represented an ownership interest of 25% in two hotel properties held by one entity.

Net (Income) Loss Attributable to Redeemable Noncontrolling Interests in Operating Partnership. Noncontrolling interests in operating partnership were allocated a net loss of $4.5 million in 2024 and $5.2 million in 2023. Redeemable noncontrolling interests represented ownership interests in Braemar OP of approximately 8.05% and 6.63% as of December 31, 2024 and 2023, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Our short-term liquidity requirements consist primarily of funds necessary to pay for operating expenses and other expenditures directly associated with our hotel properties, including:

- advisory fees payable to Ashford LLC;
- recurring maintenance necessary to maintain our hotel properties in accordance with brand standards;
- interest expense and scheduled principal payments on outstanding indebtedness;
- dividends on our common stock;
- dividends on our preferred stock;
- redemptions of our non-traded preferred stock; and
- capital expenditures to improve our hotel properties.

We expect to meet our short-term liquidity requirements generally through net cash provided by operations, capital market activities, asset sales and existing cash balances.

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

Our long-term liquidity requirements consist primarily of funds necessary to pay for the costs of acquiring additional hotel properties and redevelopments, renovations, expansions and other capital expenditures that need to be made periodically with respect to our hotel properties and scheduled debt payments. We expect to meet our long-term liquidity requirements through various sources of capital, including future common and preferred equity issuances, existing working capital, net cash provided by operations, hotel mortgage indebtedness and other secured and unsecured borrowings. However, there are a number of factors that may have a material adverse effect on our ability to access these capital sources, the state of overall equity and credit markets, our degree of leverage, our unencumbered asset base and borrowing restrictions imposed by lenders (including as a result of any failure to comply with financial covenants in our existing and future indebtedness), general market conditions for REITs, our operating performance and liquidity and market perceptions about us. The success of our business strategy will depend, in part, on our ability to access these various capital sources. While management cannot provide any assurances, management believes that our cash flow from operations and our existing cash balances will be adequate to meet upcoming anticipated requirements for interest and principal payments on debt (excluding any potential final maturity principal payments and paydowns for extension tests), working capital, and capital expenditures for the next 12 months and dividends required to maintain our status as a REIT for U.S. federal income tax purposes.

Our hotel properties will require periodic capital expenditures and renovation to remain competitive. In addition, acquisitions, redevelopments or expansions of hotel properties may require significant capital outlays. We may not be able to fund such capital improvements solely from net cash provided by operations because we must distribute annually at least 90% of our REIT taxable income, determined without regard to the deductions for dividends paid and excluding net capital gains, to qualify and maintain our qualification as a REIT, and we are subject to tax on any retained income and gains. As a result, our ability to fund capital expenditures, acquisitions or hotel redevelopment through retained earnings is very limited. Consequently, we expect to rely heavily upon the availability of debt or equity capital for these purposes. If we are unable to obtain the necessary capital on favorable terms, or at all, our financial condition, liquidity, results of operations and prospects could be materially and adversely affected.

Certain of our loan agreements contain cash trap provisions that may be triggered if the performance of our hotel properties declines. When these provisions are triggered, substantially all of the profit generated by the hotel properties securing such loan is deposited directly into lockbox accounts and then swept into cash management accounts for the benefit of our various lenders. This could affect our liquidity and our ability to make distributions to our stockholders until such time that a cash trap is no longer in effect for such loan. These cash trap provisions have been triggered on one mortgage loan, as discussed below. Our loan that is in a cash trap may remain subject to the cash trap provisions for a substantial period of time which could limit our flexibility and adversely affect our financial condition or our qualification as a REIT. As of December 31, 2024, the mortgage loan secured by The Ritz-Carlton Lake Tahoe was in a cash trap. The amount of cash in the cash trap as of December 31, 2024 was $0.

As of December 31, 2024, the Company held cash and cash equivalents of $135.5 million and restricted cash of $49.6 million, the vast majority of which is comprised of lender and manager-held reserves. As of December 31, 2024, $22.9 million was also due to the Company from third-party hotel managers, most of which is held by one of the Company's managers and is available to fund hotel operating costs. At December 31, 2024, our net debt to gross assets was 40.8%.

The Company's cash and cash equivalents are primarily comprised of corporate cash invested in short-term U.S. Treasury securities with maturity dates of less than 90 days and corporate cash held at commercial banks in Insured Cash Sweep ("ICS") accounts, which are fully insured by the FDIC. The Company's cash and cash equivalents also includes property-level operating cash deposited with commercial banks that have been designated as a Global Systemically Important Bank ("G-SIB") by the Financial Stability Board ("FSB") and a small amount deposited with other commercial banks.

Our estimated future obligations as of December 31, 2024 include both current and long-term obligations. With respect to our indebtedness, as discussed in note 7 to our consolidated financial statements, we have current obligations of $417.1 million and long-term obligations of $805.9 million. As of December 31, 2024, we held extension options to extend the principal for all of the debt due in 2025 except for $293.2 million. Subsequent to December 31, 2024, we extended two mortgage loans and refinanced our $293.2 million mortgage loan with a final maturity in June 2025 and our $62 million mortgage loan with a final maturity in March 2026. See discussions below in "Debt Transactions."

As discussed in note 19 to our consolidated financial statements, under our operating leases we have current obligations of approximately $1.2 million and long-term obligations of approximately $56.7 million. Additionally, as discussed in note 18 to our consolidated financial statements, we have short-term capital commitments of approximately $29.1 million.

Equity Transactions

On November 13, 2019, we filed an initial registration statement with the SEC, as amended on January 24, 2020, for shares of our non-traded Series E Redeemable Preferred Stock (the "Series E Preferred Stock") and our non-traded Series M Redeemable Preferred Stock (the "Series M Preferred Stock"). The registration statement became effective on February 21, 2020, and contemplates the issuance and sale of up to 20,000,000 shares of Series E Preferred Stock or Series M Preferred Stock in a primary offering and up to 8,000,000 shares of Series E Preferred Stock or Series M Preferred Stock pursuant to a dividend reinvestment plan. On February 25, 2020, we filed our prospectus with the SEC. Ashford Securities, a subsidiary of Ashford Inc., serves as the dealer manager and wholesaler of the Series E Preferred Stock and Series M Preferred Stock. On April 2, 2021, the Company filed with the State Department of Assessments and Taxation of the State of Maryland (the "SDAT") articles supplementary to the Company's Articles of Amendment and Restatement that provided for: (i) reclassifying the existing 28,000,000 shares of Series E Preferred Stock and 28,000,000 shares of Series M Preferred Stock as unissued shares of preferred stock; (ii) reclassifying and designating 28,000,000 shares of the Company's authorized capital stock as shares of the Series E Preferred Stock (the "Series E Articles Supplementary"); and (iii) reclassifying and designating 28,000,000 shares of the Company's authorized capital stock as shares of the Series M Preferred Stock (the "Series M Articles Supplementary"). The Series E Articles Supplementary and Series M Articles Supplementary were filed to revise the preferred stock terms related to the dividend rate, our optional redemption right and certain other voting rights. The Company also caused its operating partnership to execute Amendment No. 5 to the Third Amended and Restated Agreement of Limited Partnership to amend the terms of its operating partnership agreement to conform to the terms of the Series E Articles Supplementary and Series M Articles Supplementary. The Company issued approximately 16.4 million shares of Series E Preferred Stock and received net proceeds of approximately $369.5 million and issued approximately 2.0 million shares of Series M Preferred Stock and received net proceeds of approximately $47.6 million. On February 21, 2023, the Company announced the closing of its offering of the Series E Preferred Stock and Series M Preferred Stock.

On July 12, 2021, the Company entered into an equity distribution agreement (the "Virtu July 2021 EDA") with Virtu to sell from time to time shares of our common stock having an aggregate offering price of up to $100 million. We will pay Virtu a commission of approximately 1.0% of the gross sales price of the shares of our common stock sold. The Company may also sell some or all of the shares of our common stock to Virtu as principal for its own account at a price agreed upon at the time of sale. As of March 10, 2025, the Company has sold approximately 4.7 million shares of common stock under the Virtu July 2021 EDA and received gross proceeds of approximately $24.0 million.

On May 3, 2024, our board of directors approved a new share repurchase program, pursuant to which the board of directors granted a repurchase authorization to acquire shares of the Company's common stock, par value $0.01 per share, having an aggregate value of up to $50 million. The Company intends to begin share repurchases as soon as practicable and may repurchase shares through open market transactions, privately negotiated transactions or other means. The timing and amount of any transactions will be subject to the discretion of the Company based upon market conditions, and the program may be suspended or terminated at any time by the Company at its discretion without prior notice. The board of directors' authorization replaced any previous repurchase authorizations. As of March 10, 2025, the Company has not repurchased any common stock pursuant to the plan.

Debt Transactions

On March 7, 2024, the Company closed on a $62.0 million non-recourse loan secured by the Ritz-Carlton Reserve Dorado Beach. The mortgage loan had a two-year term, was interest only and provided for a floating interest rate of SOFR + 4.75%.

In April 2024, the Company repaid the $30.0 million mortgage loan secured by the Cameo Beverly Hills hotel.

On July 17, 2024, the Company sold the Hilton La Jolla Torrey Pines pursuant to an Agreement of Purchase and Sale, entered into effective May 6, 2024, for $165 million in cash, subject to customary pro-rations and adjustments. The Company owned an indirect 75% equity interest in the hotel property. Additionally, the Company repaid the $66.6 million mortgage loan secured by the hotel property.

On August 7, 2024, the Company closed on a refinancing involving five hotels. The new mortgage loan totals $407.0 million and has a two-year initial term with three one-year extension options, subject to the satisfaction of certain conditions, taking the final maturity to 2029. The loan is interest only and provides for a floating interest rate of SOFR + 3.24%. As part of this financing, the Company acquired a tranche of CMBS with a par value of $42.2 million and a rate of SOFR + 5.20%. The loan is secured by five hotels: Pier House Resort & Spa, Bardessono Hotel & Spa, Hotel Yountville, The Ritz-Carlton Sarasota, and The Ritz-Carlton St. Thomas. The new loan refinanced the $80.0 million loan secured by the Pier House Resort & Spa which had an interest rate of SOFR + 3.60% and had a final maturity date in September 2026, the $42.5 million loan secured by The Ritz-Carlton St. Thomas which had an interest rate of SOFR + 4.35% and had a final maturity date in August 2026, and the $200.0 million secured credit facility secured by The Ritz-Carlton Sarasota, Hotel Yountville, and Bardessono Hotel & Spa which had an interest rate of SOFR + 3.10% and had a final maturity date in July 2027. The $407.0 million mortgage loan amount represents an approximate 43% loan-to-value based on third-party appraisals completed by the lender. The appraisals valued the hotels at $953 million based on the sum of their "as-is" values.

On January 14, 2025, the Company amended its mortgage loan secured by the 170-room Ritz-Carlton Lake Tahoe. The terms of the amendment included a $10.0 million principal pay down, extending the current maturity date to July 2025, an interest rate reduction to SOFR + 3.25%, and one six-month extension option subject to satisfaction of certain conditions. The mortgage loan had an initial maturity date in January 2025. The $43.4 million current mortgage loan amount represents an approximate 27% loan-to-value based on a third-party appraisal completed by the lender. The appraisal valued the hotel at $160 million based on its "as-is" value.

On March 7, 2025, the Company refinanced its $293.2 million mortgage loan secured by The Clancy, The Notary Hotel, Marriott Seattle Waterfront, and Sofitel Chicago Magnificent Mile, which had an interest rate of SOFR + 2.66% and a final maturity date in June of 2025 and its $62.0 million mortgage loan secured by The Ritz-Carlton Reserve Dorado Beach, which had an interest rate of SOFR + 4.75% and a final maturity date in March of 2026. The new $363.0 million mortgage loan bears interest at a floating interest rate of SOFR + 2.52% and has a two-year initial term with three one-year extension options, subject to the satisfaction of certain conditions. The mortgage loan is secured by five hotels: The Clancy, The Notary Hotel, Marriott Seattle Waterfront, Sofitel Chicago Magnificent Mile, and The Ritz-Carlton Reserve Dorado Beach. The $363.0

million mortgage loan amount represents an approximate 49% loan-to-value based on third-party appraisals completed by the lender. The appraisals valued the hotels at $742 million based on the sum of their “as-is” values.

Sources and Uses of Cash

We had approximately $135.5 million and $85.6 million of cash and cash equivalents at December 31, 2024 and December 31, 2023, respectively.

We anticipate using funds to pay for capital expenditures for our 15 hotel properties, estimated to be between approximately $75.0 million to $95.0 million in fiscal year 2025 and debt interest payments, estimated to be approximately $80.0 million in 2025 based on future payments using the one month SOFR rate as of December 31, 2024. This estimate will fluctuate based on changes in the one-month SOFR rate and any future changes in outstanding indebtedness.

Net Cash Flows Provided by (Used in) Operating Activities. Net cash flows provided by operating activities were $66.8 million and $84.7 million for the year ended December 31, 2024 and 2023, respectively. Cash flows from operations were impacted by changes in hotel operations and the disposition of a hotel property. Cash flows from operations are also impacted by the timing of working capital cash flows, such as collecting receivables from hotel guests, paying vendors, settling with derivative counterparties, settling with related parties and settling with hotel managers.

Net Cash Flows Provided by (Used in) Investing Activities. For the year ended December 31, 2024, net cash flows provided by investing activities were $35.5 million. The cash inflows were primarily attributable to $155.6 million from the sale of Hilton La Jolla Torrey Pines and $958,000 from property insurance proceeds, partially offset by cash outflows of $42.3 million from the purchase of a tranche of CMBS, $70.6 million of capital improvements made to various hotel properties, $8.1 million from the issuance of a note receivable and a $79,000 loan to OpenKey. Our capital improvements consisted of approximately $49.6 million of return on investment capital projects and approximately $21.0 million of renewal and replacement capital projects.

For the year ended December 31, 2023, net cash flows used in investing activities were $77.1 million. These cash outflows were primarily attributable to $77.1 million of capital improvements made to various hotel properties and a $238,000 loan to OpenKey partially offset by cash inflows of $361,000 related to proceeds from property insurance. Our capital improvements consisted of approximately $54.6 million of return on investment capital projects and approximately $22.6 million of renewal and replacement capital projects. Return on investment capital projects are designed to improve the positioning of our hotel properties within their markets and competitive sets. Renewal and replacement capital projects are designed to maintain the quality and competitiveness of our hotels.

Net Cash Flows Provided by (Used in) Financing Activities. For the year ended December 31, 2024, net cash flows used in financing activities were $83.8 million. Cash outflows primarily consisted of $184.1 million of repayments of indebtedness, $51.6 million of dividend and distribution payments, $1.6 million to purchase interest rate caps, $15.4 million of payments of loan costs and exit fees, $27.0 million distributions to noncontrolling interest in consolidated entities, and $45.6 million for cash redemptions of Series E and Series M preferred stock. These cash outflows were partially offset by cash inflows of $234.0 million from borrowings on indebtedness, $4.9 million of proceeds from in-the-money interest rate caps and $3.0 million of contributions from noncontrolling interest in consolidated entities.

For the year ended December 31, 2023, net cash flows used in financing activities were $156.8 million. Cash outflows primarily consisted of repayments of indebtedness of $534.3 million, $52.6 million of dividend and distribution payments, $19.3 million of payments to repurchase common stock, payments of $7.2 million for the redemption of operating partnership units, $5.1 million to purchase interest rate caps, $2.7 million of distributions to a noncontrolling interest in consolidated entities, $11.6 million payments of loan costs and exit fees, and $9.8 million for cash redemptions of Series E and Series M preferred stock. These cash outflows were partially offset by cash inflows of $370.6 million from borrowings on indebtedness, $97.9 million from the issuance of preferred stock, $9.5 million of contributions from a noncontrolling interest in consolidated entities and $7.7 million of proceeds from in-the-money interest rate caps.

Inflation

We rely entirely on the performance of our properties and the ability of the properties’ managers to increase revenues to keep pace with inflation. Hotel operators can generally increase room rates rather quickly, but competitive pressures may limit their ability to raise rates faster than inflation. Our general and administrative costs, real estate and personal property taxes, property and casualty insurance, and utilities are subject to inflation as well.

Critical Accounting Policies and Estimates

Our accounting policies are fully described in note 2 to our consolidated financial statements included in "Item 8. Financial Statements and Supplementary Data." We believe that the following discussion addresses our most critical accounting policies, representing those policies considered most vital to the portrayal of our financial condition and results of operations and require management's most difficult, subjective, complex judgments and can include significant estimates.

Impairment of Investments in Hotel Properties. Hotel properties are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Recoverability of the hotel is measured by comparison of the carrying amount of the hotel to the estimated future undiscounted cash flows, which take into account current market conditions and our intent with respect to holding or disposing of the hotel. If our analysis indicates that the carrying value of the hotel is not recoverable on an undiscounted cash flow basis, we recognize an impairment charge for the amount by which the property's net book value exceeds its estimated fair value, or fair value, less cost to sell. In evaluating the impairment of hotel properties, we make many assumptions and estimates, including projected cash flows, expected holding period and expected useful life. Fair value is determined through various valuation techniques, including internally developed discounted cash flow models, comparable market transactions and third-party appraisals, where considered necessary. Asset write-downs resulting from property damage are recorded up to the amount of the allocable property insurance deductible in the period that the property damage occurs. There were no impairment charges recorded for the years ended December 31, 2024, 2023 and 2022.

Income Taxes. At December 31, 2024 and 2023, we had a valuation allowance of approximately $16.5 million and $16.2 million, respectively, to partially reserve our deferred tax assets of our TRSs. At each reporting date, we evaluate whether it is more likely than not that we will utilize all or a portion of our deferred tax assets. We consider all available positive and negative evidence, including historical results of operations, projected future taxable income, carryback potential and scheduled reversals of deferred tax liabilities. In evaluating the objective evidence that historical results provide, we consider three years of consolidated cumulative operating income (loss). At December 31, 2024, we had TRS net operating loss carry forwards for U.S. federal income tax purposes of $65.3 million, of which $45.8 million is subject to expiration and will begin to expire in 2025. The remainder was generated after December 31, 2017 and is not subject to expiration under the Tax Cuts and Jobs Act. The loss carry forwards subject to expiration may be available to offset future taxable income, if any, for 2025 through 2035, with the remainder available to offset taxable income beyond 2035; however, there could be substantial limitations on their use imposed by the Code. Management determined that it is more likely than not that $16.5 million of our net deferred tax assets will not be realized and a valuation allowance has been recorded accordingly. At December 31, 2024, Braemar Hotels & Resorts Inc., our REIT, had net operating loss carryforwards for U.S. federal income tax purposes of $109.7 million based on the latest filed tax return. Of this amount, $2.2 million is subject to expiration in 2033. The remainder is not subject to expiration under the Tax Cuts and Jobs Act.

The "Income Taxes" Topic of the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") addresses the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. The guidance requires us to determine whether tax positions we have taken or expect to take in a tax return are more likely than not to be sustained upon examination by the appropriate taxing authority based on the technical merits of the positions. Tax positions that do not meet the more likely than not threshold would be recorded as additional tax expense in the current period. We analyze all open tax years, as defined by the statute of limitations for each jurisdiction, which includes the federal jurisdiction and various states. We classify interest and penalties related to underpayment of income taxes as income tax expense. We and our subsidiaries file income tax returns in the U.S. federal jurisdiction and various states and cities. Tax years 2020 through 2024 remain subject to potential examination by certain federal and state taxing authorities.

Recently Adopted Accounting Standards

In November 2023, the FASB issued Accounting Standards Update ("ASU") 2023-07, *Segment Reporting (Topic 280):Improvements to Reportable Segment Disclosures,* which expands annual and interim disclosure requirements for reportable segments, primarily through enhanced disclosures about significant segment expenses. We adopted the standard effective for the year ended December 31, 2024. See note 23 to our consolidated financial statements.

Recently Issued Accounting Standards

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which eliminated the historic requirement that entities disclose information concerning unrecognized tax benefits having a reasonable possibility of significantly increasing or decreasing in the 12 months following the reporting date. For public business entities, the amendments in this Update are effective for annual periods beginning after December 15, 2024. For entities other than public business entities, the amendments are effective for annual periods beginning after December 15, 2025.

Early adoption is permitted. We are currently evaluating the impact that ASU 2023-09 will have on our consolidated financial statements and related disclosures.

In November 2024, the FASB issued ASU 2024-03*, Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40) Disaggregation of Income Statement Expenses* that requires more detailed information about specified categories of expenses (purchases of inventory, employee compensation, depreciation, amortization, and depletion) included in certain expense captions presented on the face of the statement of operations.

In January 2025, the FASB issued ASU 2025-01 which amends the effective date of the new disaggregation of income statement expenses standard to clarify that all public business entities are required to adopt the guidance in annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. Early adoption is still permitted. The amendments may be applied either (1) prospectively to financial statements issued for reporting periods after the effective date of this ASU or (2) retrospectively to all prior periods presented in the financial statements. We are currently evaluating the impact this ASU will have on our disclosures.

Non-GAAP Financial Measures

The following non-GAAP presentations of EBITDA, EBITDAre, Adjusted EBITDAre, FFO and Adjusted FFO are presented to help our investors evaluate our operating performance.

EBITDA is defined as net income (loss) before interest expense and amortization of loan costs, depreciation and amortization, income taxes, equity in (earnings) loss of unconsolidated entity and after the Company's portion of EBITDA of OpenKey. In addition, we exclude impairment on real estate, (gain) loss on disposition of assets and hotel property and the Company's portion of EBITDAre of OpenKey from EBITDA to calculate EBITDA for real estate, or EBITDAre, as defined by NAREIT.

We then further adjust EBITDAre to exclude certain additional items such as amortization of favorable (unfavorable) contract assets (liabilities), transaction and conversion costs, other income/expense, write-off of loan costs and exit fees, gain/loss on insurance settlements, legal, advisory and settlement costs, advisory services incentive fee, gain/loss on extinguishment of debt, stock/unit-based compensation and the Company's portion of adjustments to EBITDAre of OpenKey and non-cash items such as unrealized gain/ loss on derivatives.

We present EBITDA, EBITDAre and Adjusted EBITDAre because we believe they are useful to an investor in evaluating our operating performance because they provide investors with an indication of our ability to incur and service debt, to satisfy general operating expenses, to make capital expenditures and to fund other cash needs or reinvest cash into our business. We also believe they help investors meaningfully evaluate and compare the results of our operations from period to period by removing the effect of our asset base (primarily depreciation and amortization) from our operating results. Our management team also uses EBITDA as one measure in determining the value of acquisitions and dispositions. EBITDA, EBITDAre and Adjusted EBITDAre as calculated by us may not be comparable to EBITDA, EBITDAre and Adjusted EBITDAre reported by other companies that do not define EBITDA, EBITDAre and Adjusted EBITDAre exactly as we define the terms. EBITDA, EBITDAre and Adjusted EBITDAre do not represent cash generated from operating activities determined in accordance with GAAP, and should not be considered as an alternative to operating income or net income determined in accordance with GAAP as an indicator of performance or as an alternative to cash flows from operating activities as determined by GAAP as an indicator of liquidity.

The following table reconciles net income (loss) to EBITDA, EBITDAre and Adjusted EBITDAre (in thousands) (unaudited):

	Year Ended December 31,		
	2024	2023	2022
Net income (loss)	$ 19,763	$ (30,628)	$ 19,348
Interest expense and amortization of loan costs	108,124	94,219	52,166
Depreciation and amortization	98,733	93,272	78,122
Income tax expense (benefit)	842	2,689	4,043
Equity in (earnings) loss of unconsolidated entity	1,608	253	328
Company’s portion of EBITDA of OpenKey	(268)	(274)	(334)
EBITDA	228,802	159,531	153,673
(Gain) loss on disposition of assets and hotel property	(88,165)	—	—
EBITDAre	140,637	159,531	153,673
Amortization of favorable (unfavorable) contract assets (liabilities)	453	474	463
Transaction and conversion costs [(1)]	(4,447)	4,561	9,679
Write-off of premiums, loan costs and exit fees	6,111	3,489	146
Realized and unrealized (gain) loss on derivatives	(585)	663	(4,961)
Stock/unit-based compensation	2,611	9,244	11,285
Legal, advisory and settlement costs	12,676	1,397	2,170
(Gain) loss on extinguishment of debt	22	(2,318)	—
Other (income) expense	—	(293)	—
(Gain) loss on insurance settlements	(8)	—	(55)
Severance	102	—	—
Company’s portion of adjustments to EBITDAre of OpenKey	3	—	8
Adjusted EBITDAre	$ 157,575	$ 176,748	$ 172,408

[(1)] Includes amounts associated with to funding certain expenses of Ashford Securities LLC, in which 2024 include a true up of these expenses.

The following table reconciles net income (loss) to EBITDA attributable to the Company and OP unitholders on a property-by-property basis for each of our hotel properties owned and on a corporate basis during the year ended December 31, 2024. The results of the Hilton La Jolla Torrey Pines are excluded from its disposition date through December 31, 2024 (in thousands) (unaudited):

	Year Ended December 31, 2024																		
	Capital Hilton	Hilton La Jolla Torrey Pines	Sofitel Chicago Magnificent Mile	Bardessono Hotel and Spa	Pier House Resort & Spa	Hotel Yountville	Park Hyatt Beaver Creek Resort & Spa	The Notary Hotel	The Clancy	The Ritz-Carlton Sarasota	The Ritz-Carlton Lake Tahoe	Marriott Seattle Waterfront	The Ritz-Carlton St. Thomas	Cameo Beverly Hills	The Ritz-Carlton Dorado Beach	Four seasons Resort Scottsdale	Hotel Total	Corporate / Allocated[1]	Braemar Hotels & Resorts Inc.
Net income (loss)	$(5,023)	$94,906	$ 1,178	$ 876	$ 6,903	$ 1,875	$ 1,200	$ 6,009	$(2,607)	$ 13,728	$ (9,085)	$ 6,172	$ 9,312	$ (5,778)	$ 5,762	$ (452)	$124,976	$ (105,213)	$ 19,763
Non-property adjustments [2]	151	(88,115)	—	—	—	—	(50)	—	—	—	5	(8)	2,086	—	—	—	(85,931)	85,931	—
Interest income	(196)	(273)	1	—	—	—	—	(88)	(240)	(224)	(244)	(122)	(145)	—	(12)	(250)	(1,793)	1,793	—
Interest expense	10,049	—	—	—	4,262	—	5,752	—	—	618	4,758	80	2,779	763	5,101	12,684	46,846	54,891	101,737
Amortization of loan costs	46	—	—	—	377	—	69	—	—	—	154	—	—	46	637	937	2,266	4,121	6,387
Depreciation and amortization	13,690	2,328	4,515	2,692	1,950	1,809	5,099	5,983	8,122	7,403	8,468	7,841	8,655	2,621	7,198	10,359	98,733	—	98,733
Income tax expense (benefit)	192	155	—	—	—	—	—	(26)	—	—	—	—	91	—	434	—	846	(4)	842
Non-hotel EBITDA ownership expense (income)	48	103	48	868	112	270	22	71	458	399	1,031	33	(2,158)	863	18	8	2,194	(2,194)	—
Hotel EBITDA including amounts attributable to noncontrolling interest [3]	18,957	9,104	5,742	4,436	13,604	3,954	12,092	11,949	5,733	21,924	5,087	13,996	20,620	(1,485)	19,138	23,286	188,137	39,325	227,462
Less: EBITDA adjustments attributable to consolidated noncontrolling interest	(4,740)	(2,276)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(7,016)	7,016	—
Equity in earnings (loss) of unconsolidated entities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1,608	1,608
Company's portion of EBITDA of OpenKey	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(268)	(268)
Hotel EBITDA attributable to the Company and OP unitholders	$14,217	$ 6,828	$ 5,742	$ 4,436	$ 13,604	$ 3,954	$ 12,092	$11,949	$ 5,733	$ 21,924	$ 5,087	$ 13,996	$ 20,620	$ (1,485)	$ 19,138	$ 23,286	$181,121	$ 47,681	$228,802

(1) Represents expenses not recorded at the individual hotel property level.
(2) Includes allocated amounts which were not specific to hotel properties, such as gain on sale of hotel property, corporate taxes, insurance and legal expenses.
(3) Referred to as hotel adjusted EBITDA in note 23 to the Company's consolidated financial statements.

The following table reconciles net income (loss) to EBITDA attributable to the Company and OP unitholders on a property-by-property basis for each of our hotel properties owned and on a corporate basis during the year ended December 31, 2023 (in thousands) (unaudited):

	Year Ended December 31, 2023																			
	Capital Hilton	Hilton La Jolla Torrey Pines	Sofitel Chicago Magnificent Mile	Bardessono Hotel and Spa	Pier House Resort & Spa	Hotel Yountville	Park Hyatt Beaver Creek Resort & Spa	The Notary Hotel	The Clancy	The Ritz-Carlton Sarasota	The Ritz-Carlton Lake Tahoe	Marriott Seattle Waterfront	The Ritz-Carlton St. Thomas	Cameo Beverly Hills	The Ritz-Carlton Dorado Beach	Four Seasons Resort Scottsdale	Hotel Total	Corporate / Allocated[1]	Braemar Hotels & Resorts Inc.
Net income (loss)	$ 4,934	$ 12,836	$ 3,392	$ 1,428	$ 6,799	$ 871	$ 1,088	$ 2,071	$ (462)	$ 11,171	$ (4,690)	$ 5,471	$ 8,322	$ (4,222)	$ 13,480	$ 1,138	$ 63,627	$ (94,255)	$ (30,628)
Non-property adjustments [2]	—	—	—	—	—	—	—	—	—	—	249	—	—	(292)	—	495	452	(452)	—
Interest income	(237)	(346)	—	—	—	—	—	(41)	(137)	(235)	128	(73)	(44)	—	—	(140)	(1,125)	1,125	—
Interest expense	—	—	—	1,756	5,555	2,263	5,639	—	—	5,096	4,002	80	3,892	2,688	281	10,046	41,298	49,538	90,836
Amortization of loan costs	—	—	—	—	321	24	809	—	—	95	183	—	63	176		711	2,382	1,001	3,383
Depreciation and amortization	9,859	4,176	4,697	2,328	2,290	1,643	4,624	8,062	9,785	6,155	5,243	7,252	8,672	2,251	6,609	9,626	93,272	—	93,272
Income tax expense (benefit)	126	173	—	—	—	—	—	10	—	—	—	—	1,662	—	476	—	2,447	242	2,689
Non-hotel EBITDA ownership expense (income)	745	450	94	555	46	114	113	215	90	99	967	86	61	386	78	(13)	4,086	(4,086)	—
Hotel EBITDA including amounts attributable to noncontrolling interest[3]	15,427	17,289	8,183	6,067	15,011	4,915	12,273	10,317	9,276	22,381	6,082	12,816	22,628	987	20,924	21,863	206,439	(46,887)	159,552
Less: EBITDA adjustments attributable to consolidated noncontrolling interest	(3,857)	(4,322)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(8,179)	8,179	—
Equity in earnings (loss) of unconsolidated entities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	253	253
Company's portion of EBITDA of OpenKey	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(274)	(274)
Hotel EBITDA attributable to the Company and OP unitholders	$11,570	$ 12,967	$ 8,183	$ 6,067	$ 15,011	$ 4,915	$ 12,273	$10,317	$ 9,276	$ 22,381	$ 6,082	$ 12,816	$22,628	$ 987	$ 20,924	$ 21,863	$198,260	$ (38,729)	$ 159,531

(1) Represents expenses not recorded at the individual hotel property level.
(2) Includes allocated amounts which were not specific to hotel properties, such as gain on sale of hotel property, corporate taxes, insurance and legal expenses.
(3) Referred to as hotel adjusted EBITDA in note 23 to the Company’s consolidated financial statements.

The following table reconciles net income (loss) to EBITDA attributable to the Company and OP unitholders on a property-by-property basis for each of our hotel properties owned and on a corporate basis during the year ended December 31, 2022. The results of The Ritz-Carlton Reserve Dorado Beach and Four Seasons Resort Scottsdale are included from its acquisition date through December 31, 2022 (in thousands) (unaudited):

	Year Ended December 31, 2022																		
	Capital Hilton	Hilton La Jolla Torrey Pines	Sofitel Chicago Magnificent Mile	Bardessono Hotel and Spa	Pier House Resort & Spa	Hotel Yountville	Park Hyatt Beaver Creek Resort & Spa	The Notary Hotel	The Clancy	The Ritz-Carlton Sarasota	The Ritz-Carlton Lake Tahoe	Marriott Seattle Waterfront	The Ritz-Carlton St. Thomas	Cameo Beverly Hills	The Ritz-Carlton Dorado Beach	Four Seasons Resort Scottsdale	Hotel Total	Corporate / Allocated[1]	Braemar Hotels & Resorts Inc.
Net income (loss)	$ 1,125	$ 13,162	$ 2,226	$ 4,488	$ 12,377	$ 2,547	$ 5,668	$ (505)	$ (2,872)	$ 17,641	$ 5,020	$ 3,790	$ 18,920	$ (1,390)	$ 7,583	$ 933	$ 90,713	$ (71,365)	$ 19,348
Non-property adjustments [2]	—	—	—	—	—	—	76	(16)	—	—	—	—	(40)	—	—	—	20	(20)	—
Interest income	(55)	(73)	—	—	—	—	—	(5)	(24)	(52)	—	(12)	(8)	—	—	(4)	(233)	233	—
Interest expense	—	—	—	1,674	2,802	2,165	3,228	—	—	4,919	2,017	26	2,557	1,822	1,747	—	22,957	26,753	49,710
Amortization of loan costs	—	—	—	135	307	102	713	—	—	370	150	—	43	167	—	—	1,987	469	2,456
Depreciation and amortization	7,420	4,118	5,975	2,371	2,611	2,046	3,932	8,028	11,226	5,326	3,234	5,406	8,072	2,452	5,124	781	78,122	—	78,122
Income tax expense (benefit)	—	—	—	—	—	—	—	19	—	—	—	—	415	—	333	—	767	3,276	4,043
Non-hotel EBITDA ownership expense (income)	1,684	121	87	459	18	98	3	152	24	2,173	962	7	178	106	100	—	6,172	(6,172)	—
Hotel EBITDA including amounts attributable to noncontrolling interest [3]	10,174	17,328	8,288	9,127	18,115	6,958	13,620	7,673	8,354	30,377	11,383	9,217	30,137	3,157	14,887	1,710	200,505	(46,826)	153,679
Less: EBITDA adjustments attributable to consolidated noncontrolling interest	(2,543)	(4,333)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(6,876)	6,876	—
Equity in earnings (loss) of unconsolidated entities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	328	328
Company's portion of EBITDA of OpenKey	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(334)	(334)
Hotel EBITDA attributable to the Company and OP unitholders	$ 7,631	$ 12,995	$ 8,288	$ 9,127	$ 18,115	$ 6,958	$ 13,620	$ 7,673	$ 8,354	$ 30,377	$ 11,383	$ 9,217	$ 30,137	$ 3,157	$ 14,887	$ 1,710	$ 193,629	$ (39,956)	$ 153,673

(1) Represents expenses not recorded at the individual hotel property level.

(2) Includes allocated amounts which were not specific to hotel properties, such as gain on sale of hotel property, corporate taxes, insurance and legal expenses.

(3) Referred to as hotel adjusted EBITDA in note 23 to the Company's consolidated financial statements.

FFO is calculated on the basis defined by NAREIT, which is net income (loss) attributable to common stockholders, computed in accordance with GAAP, excluding gains or losses on disposition of assets, plus impairment charges on real estate, depreciation and amortization of real estate assets, and after redeemable noncontrolling interests in the operating partnership and adjustments for unconsolidated entities. NAREIT developed FFO as a relative measure of performance of an equity REIT to recognize that income-producing real estate historically has not depreciated on the basis determined by GAAP. Our calculation of Adjusted FFO excludes transaction and conversion costs, other income/expense, write-off of premiums, loan costs and exit fees, legal, advisory and settlement costs, stock/unit-based compensation, severance, gain/loss on insurance settlements, gain/loss on extinguishment of debt, and non-cash items such as deemed dividends on redeemable preferred stock, interest expense accretion on refundable membership club deposits, amortization of loan costs, unrealized gain/loss on derivatives and the Company's portion of adjustments to FFO of OpenKey. FFO and Adjusted FFO exclude amounts attributable to the portion of a partnership owned by the third party. We present FFO and Adjusted FFO because we consider FFO and Adjusted FFO important supplemental measures of our operational performance and believe they are frequently used by securities analysts, investors and other interested parties in the evaluation of REITs, many of which present FFO and Adjusted FFO when reporting their results. FFO and Adjusted FFO are intended to exclude GAAP historical cost depreciation and amortization, which assumes that the value of real estate assets diminishes ratably over time. Historically, however, real estate values have risen or fallen with market conditions. Because FFO and Adjusted FFO exclude depreciation and amortization related to real estate assets, gains and losses from real property dispositions and impairment losses on real estate assets, FFO and Adjusted FFO provide performance measures that, when compared year over year, reflect the effect to operations from trends in occupancy, guestroom rates, operating costs, development activities and interest costs, providing perspective not immediately apparent from net income. We consider FFO and Adjusted FFO to be appropriate measures of our ongoing normalized operating performance as a REIT. We compute FFO in accordance with our interpretation of standards established by NAREIT, which may not be comparable to FFO reported by other REITs that either do not define the term in accordance with the current NAREIT definition or interpret the NAREIT definition differently than us. FFO and Adjusted FFO do not represent cash generated from operating activities as determined by GAAP and should not be considered as an alternative to GAAP net income or loss as an indication of our financial performance or GAAP cash flows from operating activities as a measure of our liquidity. FFO and Adjusted FFO are also not indicative of funds available to satisfy our cash needs, including our ability to make cash distributions. However, to facilitate a clear understanding of our historical operating results, we believe that FFO and Adjusted FFO should be considered along with our net income or loss and cash flows reported in our consolidated financial statements.

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

	Year Ended December 31,		
	2024	2023	2022
Net income (loss)	$ 19,763	$ (30,628)	$ 19,348
(Income) loss attributable to noncontrolling interest in consolidated entities	(25,928)	(1,619)	(2,063)
Net (Income) loss attributable to redeemable noncontrolling interests in operating partnership	4,472	5,230	476
Preferred dividends	(40,295)	(42,304)	(21,503)
Deemed dividends on preferred stock	(8,958)	(4,719)	(6,954)
Net income (loss) attributable to common stockholders	(50,946)	(74,040)	(10,696)
Depreciation and amortization on real estate [(1)]	94,944	90,031	75,508
Net income (loss) attributable to redeemable noncontrolling interests in operating partnership	(4,472)	(5,230)	(476)
Equity in (earnings) loss of unconsolidated entity	1,608	253	328
(Gain) loss on disposition of assets and hotel property [(1)]	(61,925)	—	—
Company’s portion of FFO of OpenKey	(322)	(296)	(333)
FFO available to common stockholders and OP unitholders	(21,113)	10,718	64,331
Deemed dividends on preferred stock	8,958	4,719	6,954
Transaction and conversion costs [(2)]	(4,447)	4,561	9,679
Write-off of premiums, loan costs and exit fees	6,111	3,489	146
Unrealized (gain) loss on derivatives	4,071	8,413	(4,464)
Stock/unit-based compensation	2,611	9,244	11,285
Legal, advisory and settlement costs	12,676	1,397	2,170
Interest expense accretion on refundable membership club deposits	616	671	723
Amortization of loan costs [(1)]	6,080	3,289	2,365
(Gain) loss on extinguishment of debt	22	(2,318)	—
Other (income) expense	—	(293)	—
(Gain) loss on insurance settlements	(8)	—	(55)
Severance	102	—	—
Company’s portion of adjustments to FFO of OpenKey	3	—	8
Adjusted FFO available to common stockholders and OP unitholders	$ 15,682	$ 43,890	$ 93,142

(1) Net of adjustment for noncontrolling interest in consolidated entities. The following table presents the amounts of the adjustments for noncontrolling interests for each line item:

	Year Ended December 31,		
	2024	2023	2022
Depreciation and amortization on real estate	$ (3,789)	$ (3,241)	$ (2,614)
Amortization of loan costs	(307)	(94)	(91)
Gain (loss) on disposition of assets and hotel property	26,240	—	—

(2) Includes amounts associated with to funding certain expenses of Ashford Securities LLC, in which 2024 include a true up of these expenses.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Our primary market risk exposure consists of changes in interest rates on borrowings under our debt instruments that bear interest at variable rates that fluctuate with market interest rates. To the extent that we acquire assets or conduct operations in an international jurisdiction, we will also have currency exchange risk. We may enter into certain hedging arrangements in order to manage interest rate and currency fluctuations. The analysis below presents the sensitivity of the market value of our financial instruments to selected changes in market interest rates.

At December 31, 2024, our total indebtedness of approximately $1.2 billion included approximately $1.1 billion of variable-rate debt. The impact on the results of operations of a 25-basis point change in the interest rate on the outstanding balance of variable-rate debt at December 31, 2024, would be approximately $2.8 million per year. Interest rate changes have no impact on the remaining $86.3 million of fixed-rate debt.

The above amounts were determined based on the impact of hypothetical interest rates on our borrowings and assume no changes in our capital structure. The information presented above includes those exposures that existed at December 31, 2024, but it does not consider exposures or positions that could arise after that date. Accordingly, the information presented herein has limited predictive value. As a result, the ultimate realized gain or loss with respect to interest rate fluctuations will depend on exposures that arise during the period, the hedging strategies at the time, and the related interest rates.

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

Index to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

Stockholders and Board of Directors
Braemar Hotels & Resorts Inc.
Dallas, Texas

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Braemar Hotels & Resorts Inc. (the "Company") as of December 31, 2024 and 2023, the related consolidated statements of operations, comprehensive income (loss), equity, and cash flows for each of the three years in the period ended December 31, 2024, and the related notes and schedule listed in the index at Item 15(a) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024**,** in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and our report dated March 12, 2025 expressed an unqualified opinion thereon.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

Presentation of Commercial Mortgage-Backed Security

As described in Note 7 to the Company's consolidated financial statements, on August 7, 2024, the Company refinanced two existing mortgage loans and a credit facility into a new $407 million mortgage loan. The Company also purchased an investment in a tranche of Commercial Mortgage-Backed Securities ("CMBS"), which is secured by the five hotel properties which secure the $407 million mortgage loan. The CMBS has a par value of $42.2 million and a rate of SOFR + 5.20%.

We identified the presentation of the mortgage loan, investment in the CMBS, as well as the corresponding interest expense and interest income, as a critical audit matter. Auditing the presentation of the CMBS and related mortgage loan was especially challenging due to the inherent complexities of the agreements and relevant accounting literature. Auditing the presentation required an increased level of audit effort, including involvement of professionals with expertise in the relevant technical accounting literature.

The primary procedures we performed to address the critical audit matter included:

- Inspecting the underlying agreements for the CMBS and mortgage loan to understand the relevant terms.
- Utilizing personnel with expertise in the relevant technical accounting literature to evaluate the appropriate presentation of the mortgage loan, investment in the CMBS, interest expense and interest income.

/s/ BDO USA, P.C.

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

Dallas, Texas

March 12, 2025

BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)

	December 31, 2024	December 31, 2023
ASSETS		
Investments in hotel properties, gross	$ 2,252,574	$ 2,382,716
Accumulated depreciation	(473,888)	(498,508)
Investments in hotel properties, net	1,778,686	1,884,208
Cash and cash equivalents	135,465	85,599
Restricted cash	49,592	80,904
Investment in securities (amortized cost of $42,279)	41,535	—
Accounts receivable, net of allowance of $459 and $237, respectively	31,754	39,199
Inventories	4,664	5,003
Note receivable	8,283	—
Prepaid expenses	5,116	9,938
Deferred costs, net	75	75
Investment in unconsolidated entity	145	1,674
Derivative assets	356	2,847
Operating lease right-of-use assets	34,852	78,383
Other assets	19,538	17,751
Intangible assets, net	3,125	3,504
Due from third-party hotel managers	22,873	17,739
Total assets	$ 2,136,059	$ 2,226,824
LIABILITIES AND EQUITY		
Liabilities:		
Indebtedness, net	$ 1,210,018	$ 1,162,444
Accounts payable and accrued expenses	143,566	149,867
Dividends and distributions payable	9,255	9,158
Due to Ashford Inc.	4,267	1,471
Due to related parties, net	1,055	603
Due to third-party hotel managers	1,476	1,608
Operating lease liabilities	19,984	60,379
Other liabilities	24,268	22,756
Derivative liabilities	—	12
Total liabilities	1,413,889	1,408,298
Commitments and contingencies (note 18)		
5.50% Series B cumulative convertible preferred stock, $0.01 par value, 3,078,017 shares issued and outstanding at December 31, 2024 and December 31, 2023, respectively	65,426	65,426
Series E redeemable preferred stock, $0.01 par value, 14,910,521 and 16,316,315 shares issued and outstanding at December 31, 2024 and December 31, 2023, respectively	352,502	377,035
Series M redeemable preferred stock, $0.01 par value, 1,476,621 and 1,832,805 shares issued and outstanding at December 31, 2024 and December 31, 2023, respectively	36,916	45,623
Redeemable noncontrolling interests in operating partnership	29,964	32,395
Equity:		
Preferred stock, $0.01 par value, 80,000,000 shares authorized:		
8.25% Series D cumulative preferred stock, 1,600,000 shares issued and outstanding at December 31, 2024 and December 31, 2023	16	16
Common stock, $0.01 par value, 250,000,000 shares authorized, 66,607,823 and 66,636,353 shares issued and outstanding at December 31, 2024 and December 31, 2023, respectively	665	666
Additional paid-in capital	718,536	718,498
Accumulated other comprehensive income (loss)	(684)	—
Accumulated deficit	(477,804)	(412,199)
Total stockholders’ equity of the Company	240,729	306,981
Noncontrolling interest in consolidated entities	(3,367)	(8,934)
Total equity	237,362	298,047
Total liabilities and equity	$ 2,136,059	$ 2,226,824

See Notes to Consolidated Financial Statements.

BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

	Year Ended December 31,		
	2024	2023	2022
REVENUE			
Rooms	$ 452,361	$ 464,899	$ 431,515
Food and beverage	181,250	185,331	159,241
Other	94,793	89,113	78,829
Total hotel revenue	728,404	739,343	669,585
EXPENSES			
Hotel operating expenses:			
Rooms	106,465	105,439	94,410
Food and beverage	145,901	144,544	125,555
Other expenses	225,864	227,913	205,373
Management fees	23,500	23,261	20,149
Total hotel operating expenses	501,730	501,157	445,487
Property taxes, insurance and other	42,508	38,629	30,766
Depreciation and amortization	98,733	93,272	78,122
Advisory services fee	30,487	31,089	28,847
(Gain) loss on legal settlements	—	—	(114)
Corporate general and administrative	14,361	13,523	18,084
Total operating expenses	687,819	677,670	601,192
Gain (loss) on disposition of assets and hotel property	88,165	—	—
OPERATING INCOME (LOSS)	128,750	61,673	68,393
Equity in earnings (loss) of unconsolidated entity	(1,608)	(253)	(328)
Interest income	7,135	6,401	2,677
Other income (expense)	—	293	—
Interest expense and amortization of discounts and loan costs	(108,124)	(94,219)	(52,166)
Write-off of loan costs and exit fees	(6,111)	(3,489)	(146)
Gain (loss) on extinguishment of debt	(22)	2,318	—
Realized and unrealized gain (loss) on derivatives	585	(663)	4,961
INCOME (LOSS) BEFORE INCOME TAXES	20,605	(27,939)	23,391
Income tax (expense) benefit	(842)	(2,689)	(4,043)
NET INCOME (LOSS)	19,763	(30,628)	19,348
(Income) loss attributable to noncontrolling interest in consolidated entities	(25,928)	(1,619)	(2,063)
Net (income) loss attributable to redeemable noncontrolling interests in operating partnership	4,472	5,230	476
NET INCOME (LOSS) ATTRIBUTABLE TO THE COMPANY	(1,693)	(27,017)	17,761
Preferred dividends	(40,295)	(42,304)	(21,503)
Deemed dividends on preferred stock	(8,958)	(4,719)	(6,954)
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON STOCKHOLDERS	$ (50,946)	$ (74,040)	$ (10,696)
INCOME (LOSS) PER SHARE - BASIC:			
Net income (loss) attributable to common stockholders	$ (0.77)	$ (1.13)	$ (0.15)
Weighted average common shares outstanding – basic	66,500	65,989	69,687
INCOME (LOSS) PER SHARE - DILUTED:			
Net income (loss) attributable to common stockholders	$ (0.77)	$ (1.13)	$ (0.15)
Weighted average common shares outstanding – diluted	66,500	65,989	69,687

See Notes to Consolidated Financial Statements.

BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in thousands)

	Year Ended December 31,		
	2024	2023	2022
NET INCOME (LOSS)	$ 19,763	$ (30,628)	$ 19,348
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX:			
Unrealized gain (loss) on investment in securities	(744)	—	—
Total other comprehensive income (loss)	(744)	—	—
TOTAL COMPREHENSIVE INCOME (LOSS)	19,019	(30,628)	19,348
Comprehensive (income) loss attributable to noncontrolling interest in consolidated entities	(25,928)	(1,619)	(2,063)
Comprehensive (income) loss attributable to redeemable noncontrolling interests in operating partnership	4,532	5,230	476
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO THE COMPANY	$ (2,377)	$ (27,017)	$ 17,761

See Notes to Consolidated Financial Statements.

BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY
(in thousands except per share amounts)

	8.25% Series D Cumulative Preferred Stock		Common Stock							5.50% Series B Cumulative Convertible Preferred Stock		Series E Redeemable Preferred Stock		Series M Redeemable Preferred Stock		
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income/(loss)	Noncontrolling Interests in Consolidated Entities	Total	Shares	Amount	Shares	Amount	Shares	Amount	Redeemable Noncontrolling Interest in Operating Partnership
Balance at December 31, 2021	1,600	$ 16	65,365	$ 653	$ 707,418	$ (309,240)	$ —	$ (16,549)	$ 382,298	3,078	$ 65,426	1,710	$ 39,339	29	$ 715	$ 36,087
Purchase of common stock	—	—	(1,773)	(17)	(7,448)	—	—	—	(7,465)	—	—	—	—	—	—	—
Impact of adoption of new accounting standard	—	—	—	—	(6,257)	656	—	—	(5,601)	—	—	—	—	—	—	—
Equity-based compensation	—	—	—	—	5,475	—	—	—	5,475	—	—	—	—	—	—	5,810
Issuance of common stock	—	—	6,000	60	34,944	—	—	—	35,004	—	—	—	—	—	—	—
Issuance of preferred stock	—	—	—	—	—	—	—	—	—	—	—	10,961	245,827	1,404	33,922	—
Issuance of restricted shares/units	—	—	349	3	2	—	—	—	5	—	—	—	—	—	—	—
Forfeiture of restricted common shares	—	—	(22)	—	—	—	—	—	—	—	—	—	—	—	—	—
PSU dividend claw back upon cancellation	—	—	—	—	—	7	—	—	7	—	—	—	—	—	—	—
Dividends declared - common stock - ($0.08/share)	—	—	—	—	—	(5,672)	—	—	(5,672)	—	—	—	—	—	—	—
Dividends declared – preferred stock - Series B ($1.38 /share)	—	—	—	—	—	(4,233)	—	—	(4,233)	—	—	—	—	—	—	—
Dividends declared – preferred stock - Series D ($2.06 /share)	—	—	—	—	—	(3,300)	—	—	(3,300)	—	—	—	—	—	—	—
Dividends declared – preferred stock - Series E ($1.97/share)	—	—	—	—	—	(12,694)	—	—	(12,694)	—	—	—	—	—	—	—
Dividends declared - preferred stock - Series M ($2.05/share)	—	—	—	—	—	(1,276)	—	—	(1,276)	—	—	—	—	—	—	—
Contributions from noncontrolling interests	—	—	—	—	—	—	—	164	164	—	—	—	—	—	—	—
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(2,024)	(2,024)	—	—	—	—	—	—	(665)
Performance LTIP dividend claw back upon cancellation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	4
Net income (loss)	—	—	—	—	—	17,761	—	2,063	19,824	—	—	—	—	—	—	(476)
Redemptions of preferred stock	—	—	—	—	—	—	—	—	—	—	—	(14)	(365)	(5)	(134)	—
Redemption value adjustment - preferred stock	—	—	—	—	—	(6,954)	—	—	(6,954)	—	—	—	6,275	—	679	—
Redemption value adjustment	—	—	—	—	—	205	—	—	205	—	—	—	—	—	—	(205)
Balance at December 31, 2022	1,600	$ 16	69,919	$ 699	$ 734,134	$ (324,740)	$ —	$ (16,346)	$ 393,763	3,078	$ 65,426	12,657	$ 291,076	1,428	$ 35,182	$ 40,555
Purchase of common stock	—	—	(3,969)	(40)	(19,214)	—	—	—	(19,254)	—	—	—	—	—	—	—
Equity-based compensation	—	—	—	—	3,564	—	—	—	3,564	—	—	—	—	—	—	5,680
Issuance of preferred stock	—	—	—	—	—	—	—	—	—	—	—	3,931	88,448	542	13,051	—
Issuance of restricted shares/units	—	—	689	7	14	—	—	—	21	—	—	—	—	—	—	—
Forfeiture of restricted common shares	—	—	(3)	—	—	—	—	—	—	—	—	—	—	—	—	—
Dividends declared - common stock - $0.20/share)	—	—	—	—	—	(13,423)	—	—	(13,423)	—	—	—	—	—	—	—
Dividends declared – preferred stock - Series B ($1.38/share)	—	—	—	—	—	(4,233)	—	—	(4,233)	—	—	—	—	—	—	—
Dividends declared – preferred stock - Series D ($2.06/share)	—	—	—	—	—	(3,300)	—	—	(3,300)	—	—	—	—	—	—	—
Dividends declared – preferred stock - Series E ($1.91/share)	—	—	—	—	—	(30,883)	—	—	(30,883)	—	—	—	—	—	—	—
Dividends declared - preferred stock - Series M ($2.07 /share)	—	—	—	—	—	(3,888)	—	—	(3,888)	—	—	—	—	—	—	—
Contributions from noncontrolling interests	—	—	—	—	—	—	—	9,517	9,517	—	—	—	—	—	—	—
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(3,724)	(3,724)	—	—	—	—	—	—	(1,444)
Redemption/conversion of operating partnership units	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(7,162)
Net income (loss)	—	—	—	—	—	(27,017)	—	1,619	(25,398)	—	—	—	—	—	—	(5,230)
Redemptions of preferred stock	—	—	—	—	—	—	—	—	—	—	—	(272)	(6,423)	(137)	(3,395)	—
Redemption value adjustment - preferred stock	—	—	—	—	—	(4,719)	—	—	(4,719)	—	—	—	3,934	—	785	—
Redemption value adjustment	—	—	—	—	—	4	—	—	4	—	—	—	—	—	—	(4)
Balance at December 31, 2023	1,600	$ 16	66,636	$ 666	$ 718,498	$ (412,199)	$ —	$ (8,934)	$ 298,047	3,078	$ 65,426	16,316	$ 377,035	1,833	$ 45,623	$ 32,395
Purchase of common stock	—	—	(170)	(2)	(367)	—	—	—	(369)	—	—	—	—	—	—	—
Equity-based compensation	—	—	—	—	403	—	—	—	403	—	—	—	—	—	—	2,208
Issuance of preferred stock	—	—	—	—	—	—	—	—	—	—	—	130	3,260	6	143	—

	8.25% Series D Cumulative Preferred Stock		Common Stock							5.50% Series B Cumulative Convertible Preferred Stock		Series E Redeemable Preferred Stock		Series M Redeemable Preferred Stock		
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income/(loss)	Noncontrolling Interests in Consolidated Entities	Total	Shares	Amount	Shares	Amount	Shares	Amount	Redeemable Noncontrolling Interest in Operating Partnership
Issuance of restricted shares/units	—	—	143	1	2	—	—	—	3	—	—	—	—	—	—	32
Forfeiture of restricted common shares	—	—	(1)	—	—	—	—	—	—	—	—	—	—	—	—	—
Dividends declared - common stock - $0.20/share)	—	—	—	—	—	(13,401)	—	—	(13,401)	—	—	—	—	—	—	—
Dividends declared – preferred stock - Series B ($1.38 /share)	—	—	—	—	—	(4,233)	—	—	(4,233)	—	—	—	—	—	—	—
Dividends declared – preferred stock - Series D ($2.06 /share)	—	—	—	—	—	(3,300)	—	—	(3,300)	—	—	—	—	—	—	—
Dividends declared – preferred stock - Series E ($1.88/share)	—	—	—	—	—	(29,328)	—	—	(29,328)	—	—	—	—	—	—	—
Dividends declared - preferred stock - Series M ($2.10 /share)	—	—	—	—	—	(3,434)	—	—	(3,434)	—	—	—	—	—	—	—
Contributions from noncontrolling interests	—	—	—	—	—	—	—	2,961	2,961	—	—	—	—	—	—	—
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(23,322)	(23,322)	—	—	—	—	—	—	(1,397)
Net income (loss)	—	—	—	—	—	(1,693)	—	25,928	24,235	—	—	—	—	—	—	(4,472)
Redemptions of preferred stock	—	—	—	—	—	—	—	—	—	—	—	(1,535)	(36,554)	(362)	(9,047)	—
Unrealized gain (loss) on investment in securities	—	—	—	—	—	—	(684)	—	(684)	—	—	—	—	—	—	(60)
Redemption value adjustment - preferred stock	—	—	—	—	—	(8,958)	—	—	(8,958)	—	—	—	8,761	—	197	—
Redemption value adjustment	—	—	—	—	—	(1,258)	—	—	(1,258)	—	—	—	—	—	—	1,258
Balance at December 31, 2024	1,600	$ 16	66,608	$ 665	$ 718,536	$ (477,804)	$ (684)	$ (3,367)	$ 237,362	3,078	$ 65,426	14,911	$ 352,502	1,477	$ 36,916	$ 29,964

See Notes to Consolidated Financial Statements.

BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31,		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss)	$ 19,763	$ (30,628)	$ 19,348
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	98,733	93,272	78,122
Equity-based compensation	2,611	9,244	11,285
Bad debt expense	318	915	838
(Gain) loss on extinguishment of debt	22	(2,318)	—
Amortization of loan costs, discounts and capitalized default interest	6,890	2,195	(816)
Write-off of loan costs and exit fees	6,111	3,489	146
Amortization of intangibles	453	474	474
Amortization of non-refundable membership initiation fees	(2,200)	(1,776)	(1,470)
Interest expense accretion on refundable membership club deposits	616	671	723
(Gain) loss on disposition of assets and hotel property	(88,165)	—	—
Realized and unrealized (gain) loss on derivatives	(585)	663	(4,961)
Non-cash interest income	(207)	—	—
Equity in (earnings) loss of unconsolidated entity	1,608	253	328
Deferred income tax expense (benefit)	(96)	1,329	51
Changes in operating assets and liabilities, exclusive of acquisitions, disposition of assets and hotel property:			
Accounts receivable and inventories	6,260	11,264	(9,088)
Prepaid expenses and other assets	3,058	(5,758)	(501)
Accounts payable and accrued expenses	8,454	47	1,650
Operating lease right-of-use assets	416	592	588
Due to/from related parties, net	452	1,541	832
Due to/from third-party hotel managers	(5,266)	8,398	2,590
Due to/from Ashford Inc.	4,632	(10,361)	8,249
Operating lease liabilities	(157)	(313)	(294)
Other liabilities	3,096	1,518	1,389
Net cash provided by (used in) operating activities	66,817	84,711	109,483
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from property insurance	958	361	36
Proceeds from hotel management agreement amendment	—	—	1,667
Issuance of note receivable	(8,076)	—	—
Payments for initial franchise fee	—	(75)	—
Acquisition of hotel properties, net of cash and restricted cash acquired	—	—	(354,445)
Net proceeds from sale of hotel property	155,583	—	—
Purchase of securities	(42,279)	—	—
Investment in unconsolidated entity	(79)	(238)	(328)
Improvements and additions to hotel properties	(70,598)	(77,114)	(49,148)
Net cash provided by (used in) investing activities	35,509	(77,066)	(402,218)
CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowings on indebtedness	234,000	370,600	170,500
Repayments of indebtedness	(184,100)	(534,307)	(68,500)
Payments of loan costs and exit fees	(15,372)	(11,636)	(4,080)
Payments for derivatives	(1,592)	(5,051)	(3,030)
Proceeds from derivatives	4,904	7,720	167
Purchase of common stock	(369)	(19,307)	(7,411)
Payments for dividends and distributions	(51,558)	(52,563)	(20,763)
Net proceeds from issuance of preferred stock	—	97,862	278,621
Common stock offering costs	—	—	(112)
Contributions from noncontrolling interest in consolidated entities	2,961	9,517	164

	Year Ended December 31,		
	2024	2023	2022
Redemption of operating partnership units	—	(7,162)	—
Distributions to noncontrolling interest in consolidated entities	(27,045)	(2,693)	—
Redemption of preferred stock	(45,601)	(9,818)	(499)
Net cash provided by (used in) financing activities	(83,772)	(156,838)	345,057
Net change in cash, cash equivalents and restricted cash	18,554	(149,193)	52,322
Cash, cash equivalents and restricted cash at beginning of period	166,503	315,696	263,374
Cash, cash equivalents and restricted cash at end of period	$ 185,057	$ 166,503	$ 315,696
SUPPLEMENTAL CASH FLOW INFORMATION			
Interest paid	$ 102,541	$ 91,576	$ 48,901
Income taxes paid (refunded)	(728)	3,424	1,239
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES			
Dividends and distributions declared but not paid	$ 9,255	$ 9,158	$ 8,184
Common stock purchases accrued but not paid	—	—	54
Assumption of debt in hotel acquisition	—	—	58,601
Capital expenditures accrued but not paid	8,825	21,702	6,702
Issuance of common stock for hotel acquisition	—	—	35,040
Distributions declared but not paid to a noncontrolling interest in a consolidated entity	—	—	2,024
Accrued preferred stock offering expenses	—	—	23
Non-cash preferred stock dividends	3,403	3,614	1,050
Non-cash common stock dividends	—	—	5
Unsettled proceeds from derivatives	113	361	330
Non-cash common stock/unit dividends	35	20	—
SUPPLEMENTAL DISCLOSURE OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH			
Cash and cash equivalents at beginning of period	$ 85,599	$ 261,541	$ 215,998
Restricted cash at beginning of period	80,904	54,155	47,376
Cash, cash equivalents and restricted cash at beginning of period	$ 166,503	$ 315,696	$ 263,374
Cash and cash equivalents at end of period	$ 135,465	$ 85,599	$ 261,541
Restricted cash at end of period	49,592	80,904	54,155
Cash, cash equivalents and restricted cash at end of period	$ 185,057	$ 166,503	$ 315,696

See Notes to Consolidated Financial Statements.

BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2024, 2024 and 2022

1. Organization and Description of Business

Braemar Hotels & Resorts Inc., together with its subsidiaries ("Braemar"), is a Maryland corporation that invests primarily in high revenue per available room ("RevPAR") luxury hotels and resorts. High RevPAR, for purposes of our investment strategy, means RevPAR of at least twice the then-current U.S. national average RevPAR for all hotels as determined by STR, LLC. Braemar has elected to be taxed as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended (the "Code"). Braemar conducts its business and owns substantially all of its assets through its operating partnership, Braemar Hospitality Limited Partnership ("Braemar OP"). Terms such as the "Company," "we," "us" or "our" refer to Braemar Hotels & Resorts Inc. and, as the context may require, all entities included in its consolidated financial statements.

We are advised by Ashford Hospitality Advisors LLC ("Ashford LLC" or the "Advisor") through an advisory agreement. Ashford LLC is a subsidiary of Ashford Inc. All of the hotel properties in our portfolio are currently asset-managed by Ashford LLC. We do not have any employees. All of the services that might be provided by employees are provided to us by Ashford LLC.

We do not operate any of our hotel properties directly; instead, we contractually engage hotel management companies to operate them for us under management contracts. Remington Lodging & Hospitality, LLC ("Remington Hospitality"), a subsidiary of Ashford Inc., manages four of our 15 hotel properties. Third-party management companies manage the remaining hotel properties.

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

The accompanying consolidated financial statements include the accounts of wholly-owned and majority-owned subsidiaries of Braemar OP that as of December 31, 2024, own 15 hotel properties in seven states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands ("USVI"). The portfolio includes 14 wholly-owned hotel properties and one hotel property that is owned through a partnership in which Braemar OP has a controlling interest. These hotel properties represent 3,807 total rooms, or 3,667 net rooms, excluding those attributable to our partner. As a REIT, Braemar is required to comply with limitations imposed by the Code related to operating hotels. As of December 31, 2024, 14 of our 15 hotel properties were leased by wholly-owned or majority-owned subsidiaries that are treated as taxable REIT subsidiaries ("TRS") for federal income tax purposes (collectively, the TRS entities are referred to as "Braemar TRS"). One hotel property, located in the USVI, is owned by our USVI TRS. Braemar TRS then engages third-party or affiliated hotel management companies to operate the hotel properties under management contracts. Hotel operating results related to the hotel properties are included in the consolidated statements of operations.

As of December 31, 2024, 13 of the 15 hotel properties were leased by Braemar's wholly-owned TRS, and the one hotel property majority-owned through a consolidated partnership was leased to a TRS wholly-owned by such consolidated partnership. Each leased hotel is leased under a percentage lease that provides for each lessee to pay in each calendar month the base rent plus, in each calendar quarter, percentage rent, if any, based on hotel revenues. Lease revenue from Braemar TRS is eliminated in consolidation. The hotel properties are operated under management contracts with Marriott Hotel Services, LLC ("Marriott"), Hilton Management LLC ("Hilton"), Accor Management US Inc. ("Accor"), Four Seasons Hotels Limited ("Four Seasons"), Hyatt Corporation ("Hyatt"), The Ritz-Carlton Hotel Company, L.L.C. and its affiliates, each of which is also an affiliate of Marriott ("Ritz-Carlton"), and Remington Hospitality, which are eligible independent contractors under the Code.

2. Significant Accounting Policies

Basis of Presentation and Principles of Consolidation—The accompanying consolidated financial statements include the accounts of Braemar Hotels & Resorts Inc., its majority-owned subsidiaries, and its majority-owned entities in which it has a controlling interest. All significant intercompany accounts and transactions between consolidated entities have been eliminated in these consolidated financial statements.

Braemar OP is considered to be a variable interest entity ("VIE"), as defined by authoritative accounting guidance. A VIE must be consolidated by a reporting entity if the reporting entity is the primary beneficiary because it has (i) the power to direct the VIE's activities that most significantly impact the VIE's economic performance and (ii) the obligation to absorb losses of the VIE or the right to receive benefits from the VIE. All major decisions related to Braemar OP that most significantly impact its economic performance, including but not limited to operating procedures with respect to business affairs and any acquisitions, dispositions, financings, restructurings or other transactions with sellers, purchasers, lenders, brokers, agents and other applicable representatives, are subject to the approval of our wholly owned subsidiary, Braemar OP General Partner LLC (formerly Ashford Prime OP General Partner LLC), its general partner. As such, we consolidate Braemar OP.

The following items affect reporting comparability of our historical consolidated financial statements:

- on March 11, 2022, we acquired The Ritz-Carlton Reserve Dorado Beach hotel located in Dorado, Puerto Rico. The operating results of the hotel property have been included in the results of operations from its acquisition date;
- on December 1, 2022, we acquired the Four Seasons Resort Scottsdale. The operating results of the hotel property have been included in the results of operations from its acquisition date; and
- On July 17, 2024, we sold the Hilton La Jolla Torrey Pines. The operating results of the hotel property were excluded from our results of operations as of the disposition date.

Use of Estimates—The preparation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents—Cash and cash equivalents include cash on hand or held in banks and short-term investments with an initial maturity of three months or less at the date of purchase.

Restricted Cash—Restricted cash includes reserves for debt service, real estate taxes, and insurance, as well as excess cash flow deposits and reserves for furniture, fixtures, and equipment ("FF&E") replacements of approximately 3% to 5% of property revenue for certain hotels, as required by certain management or mortgage debt agreement restrictions and provisions.

Accounts Receivable—Accounts receivable consists primarily of meeting and banquet room rental and hotel guest receivables. We generally do not require collateral. We maintain an allowance for doubtful accounts for estimated losses resulting from the inability of guests to make required payments for services. The allowance is maintained at a level believed adequate to absorb estimated receivable losses. The estimate is based on past receivable loss experience, known and inherent credit risks, current economic conditions, and other relevant factors, including specific reserves for certain accounts.

Inventories—Inventories, which primarily consist of food, beverages, and gift store merchandise, are stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out method.

Investments in Hotel Properties, net—Hotel properties are generally stated at cost. All improvements and additions which extend the useful life of the hotel properties are capitalized.

For property and equipment acquired in a business combination, we record the assets acquired based on their fair value as of the acquisition date. Replacements and improvements and finance leases are capitalized, while repairs and maintenance are expense as incurred. Property and equipment acquired in an asset acquisition are recorded at cost. The acquisition cost is allocated to land, buildings, improvements, furniture, fixtures and equipment, as well as identifiable intangible and lease assets and liabilities. Acquisition cost is allocated using relative fair values. We evaluate several factors, including weighted market data for similar assets, expected future cash flows discounted at risk adjusted rates, and replacement costs for assets to determine an appropriate exit cost when evaluating the fair values.

Impairment of Investments in Hotel Properties—Hotel properties are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Recoverability of the hotel is measured by comparison of the carrying amount of the hotel to the estimated future undiscounted cash flows, which take into account current market conditions and our intent with respect to holding or disposing of the hotel. If our analysis indicates that the carrying value of the hotel is not recoverable on an undiscounted cash flow basis, we recognize an impairment charge for the amount by which the property's net book value exceeds its estimated fair value, or fair value, less cost to sell. In evaluating the impairment of hotel properties, we make many assumptions and estimates, including projected cash flows, expected holding period and expected useful life. Fair value is determined through various valuation techniques, including internally developed discounted cash flow models, comparable market transactions and third-party appraisals, where considered necessary. Asset write-downs resulting from property damage are recorded up to the amount of the allocable property insurance deductible in the period that the property damage occurs. See note 4.

Assets Held for Sale and Discontinued Operations—We classify assets as held for sale when we have obtained a firm commitment from a buyer, and consummation of the sale is considered probable and expected within one year. The related operations of assets held for sale are reported as discontinued if the disposal is a component of an entity or group of components that represents a strategic shift that has (or will have) a major effect on our operations and cash flows. Depreciation and amortization will cease as of the date assets have met the criteria to be deemed held for sale.

Investment in Unconsolidated Entity—As of December 31, 2024, we held a 7.9% ownership interest in OpenKey, which is accounted for under the equity method of accounting by recording the initial investment and our percentage of interest in the entities' net income/loss. We review our investment in unconsolidated entity for impairment in each reporting period pursuant to the applicable authoritative accounting guidance. An investment is impaired when its estimated fair value is less than the carrying amount of our investment. Any impairment is recorded in equity in earnings (loss) of unconsolidated entity. See note 6**.**

Our investment in unconsolidated entity is considered to be a variable interest in the underlying entity. VIEs, as defined by authoritative accounting guidance, must be consolidated by a reporting entity if the reporting entity is the primary beneficiary because it has (i) the power to direct the VIE's activities that most significantly impact the VIE's economic performance and (ii) the obligation to absorb losses of the VIE or the right to receive benefits from the VIE. Because we do not have the power and financial responsibility to direct the unconsolidated entity's activities and operations, we are not considered to be the primary beneficiary of this entity on an ongoing basis and therefore such entity should not be consolidated.

Leases—We determine if an arrangement is a lease at the commencement date. Operating leases, as lessee, are included in operating lease right-of-use ("ROU") assets and operating lease liabilities on our consolidated balance sheets. We currently do not have any finance leases.

Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at commencement date in determining the present value of future payments. The operating lease ROU asset also includes any lease payments made and initial direct costs incurred and excludes lease incentives. The lease terms used to calculate our right-of-use asset may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. Subsequent to the initial recognition, lease liabilities are measured using the effective interest method. The ROU asset is generally reduced utilizing a straight-line method adjusted for the lease liability accretion during the period.

We have lease agreements with lease and non-lease components, which under the elected practical expedients under ASC 842, we are not accounting for separately. For certain equipment leases, such as office equipment, copiers and vehicles, we account for the lease and non-lease components as a single lease component.

Intangible Assets, net—Intangible assets, net represents the customer relationships associated with The Ritz-Carlton Sarasota acquisition, which are amortized using the straight-line method over its expected useful life, which approximates amortization based on economic consumption. See note 21.

Derivative Instruments—We use interest rate derivatives to hedge our risks and to capitalize on the historical correlation between changes in SOFR (Secured Overnight Financing Rate) and RevPAR. Interest rate derivatives could include swaps, caps, floors and flooridors.

All derivatives are recorded at fair value in accordance with the applicable authoritative accounting guidance. None of our derivative instruments are designated as cash flow hedges. Interest rate derivatives are reported as "derivative assets" in our consolidated balance sheets. For interest rate derivatives and credit default swaps, changes in fair value and realized gains and losses are recognized in earnings as "realized and unrealized gain (loss) on derivatives" in our consolidated statements of operations. Accrued interest on interest rate derivatives is included in "accounts receivable, net" in the consolidated balance sheets.

Due to/from Related Parties, net—Due to/from related parties, net, represent current receivables and payables resulting from transactions related to hotel management with a related party. Due to/from related parties is generally settled within a period not exceeding one year. See note 17.

Due to/from Ashford Inc.—Due to/from Ashford Inc. represents payables related to the advisory services fee, including reimbursable expenses as well as other hotel products and services. These payables are generally settled within a period not exceeding one year. See note 17.

Due to/from Third-Party Hotel Managers—Due to/from third-party hotel managers primarily consists of amounts due from Marriott related to our cash reserves held at the Marriott corporate level related to our operations, real estate taxes, and other items, as well as current receivables and payables resulting from transactions with other third-party managers related to hotel management. These receivables and payables are generally settled within a period not exceeding one year.

Noncontrolling Interests—The redeemable noncontrolling interests in the operating partnership represent the limited partners' proportionate share of equity in earnings/losses of the operating partnership, which is an allocation of net income/loss attributable to the common unitholders based on the weighted average ownership percentage of these limited partners' common unit holdings throughout the period. The redeemable noncontrolling interests in our operating partnership is classified in the mezzanine section of our consolidated balance sheets as these redeemable operating partnership units do not meet the requirements for permanent equity classification prescribed by the authoritative accounting guidance because these redeemable operating partnership units may be redeemed by the holder for cash or registered shares in certain cases outside of the Company's control. The carrying value of the noncontrolling interests in the operating partnership is based on the greater of the accumulated historical cost or the redemption value.

The noncontrolling interest in consolidated entities represents an ownership interest of 25% in one and two hotel properties at December 31, 2024 and 2023, respectively, and is reported in equity in our consolidated balance sheets.

Net income/loss attributable to redeemable noncontrolling interests in operating partnership and income/loss from consolidated entities attributable to noncontrolling interests in our consolidated entities are reported as deductions/additions from/to net income/loss. Comprehensive income/loss attributable to these noncontrolling interests is reported as reductions/additions from/to comprehensive income/loss.

Revenue Recognition—Rooms revenue represents revenues from the occupancy of our hotel rooms, which is driven by the occupancy and average daily rate. Rooms revenue includes revenue for guest no-shows, day use, and early/late departure fees. The contracts for room stays with customers are generally short in duration and revenues are recognized as services are provided over the course of the hotel stay. Advance deposits are recorded as liabilities when a customer or group of customers provides a deposit for a future stay or banquet event at our hotels. Advance deposits are converted to revenue when the services are provided to the customer or when the customer with a noncancellable reservation fails to arrive for part or all of the reservation. Conversely, advance deposits are generally refundable upon guest cancellation of the related reservation within an established period of time prior to the reservation. Our advance deposit balance as of December 31, 2024 and 2023 was $58.7 million and $49.4 million, respectively, and are generally recognized as revenue within a one-year period. These are included in "accounts payable and accrued expenses" on the consolidated balance sheets.

Food & Beverage ("F&B") revenue consists of revenue from the restaurants and lounges at our hotel properties, in-room dining and mini-bars revenue, and banquet/catering revenue from group and social functions. Other F&B revenue may include revenue from audiovisual equipment/services, rental of function rooms, and other F&B related revenues. Revenue is recognized as the services or products are provided. Our hotel properties may employ third parties to provide certain services at the property, for example, audio visual services. We evaluate each of these contracts to determine if the hotel is the principal or the agent in the transaction, and record the revenues as appropriate (i.e. gross vs. net).

Other revenue consists of ancillary revenue at the property, including attrition and cancellation fees, condo management fees, resort and destination fees, health center fees, spas, golf, telecommunications, parking, entertainment and other guest services, as well as rental revenue primarily from leased retail outlets at our hotel properties, and membership initiation fees and dues, primarily from club memberships. Cancellation fees are recognized from non-cancellable deposits when the customer provides notification of cancellation in accordance with established management policy time frames. Non-refundable membership initiation fees are recognized over the expected life of an active membership.

Taxes specifically collected from customers and submitted to taxing authorities are not recorded in revenue.

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

Advertising Costs—Advertising costs are charged to expense as incurred. For the years ended December 31, 2024, 2023 and 2022, we incurred advertising costs of $6.5 million, $6.4 million and $6.5 million, respectively. Advertising costs are included in "other" hotel expenses in our consolidated statements of operations.

Equity-Based Compensation—Stock/unit-based compensation for non-employees is measured at the grant date and expensed ratably over the vesting period based on the original measurement as of the grant date. This results in the recording of expense, included in "advisory services fee," "management fees" and "corporate general and administrative" expense, equal to the ratable amount of the grant date fair value based on the requisite service period satisfied during the period. The Company recognizes forfeitures as they occur.

The compensation committee utilizes a performance metric, pursuant to which, the performance awards will be eligible to vest, from 0% to 200% of target, based on achievement of certain performance targets over the three-year performance period. The performance criteria are based on performance conditions under the relevant literature. The corresponding compensation cost is recognized ratably over the service period for the award as the service is rendered, based on the grant date fair value of the award. The compensation expense may vary from period to period, as the number of performance grants earned may vary since the estimated probable achievement of certain performance targets may vary from period to period.

Depreciation and Amortization—Hotel properties are depreciated over the estimated useful life of the assets and leasehold improvements are amortized over the shorter of the lease term or the estimated useful life of the related assets. Presently, hotel properties are depreciated using the straight-line method over lives ranging from 7.5 to 39 years for buildings and improvements and 1.5 to 5 years for FF&E. While we believe our estimates are reasonable, a change in estimated useful lives could affect depreciation expense and net income (loss) as well as resulting gains or losses on potential hotel sales.

Income Taxes—As a REIT, we generally are not subject to federal corporate income tax on the portion of our net income (loss) that does not relate to TRSs. However, Braemar TRS and our USVI TRS are treated as TRSs for U.S. federal income tax purposes. In accordance with authoritative accounting guidance, we account for income taxes related to our TRSs using the asset and liability method under which deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. In addition, the analysis utilized by us in determining our deferred tax asset valuation allowance involves considerable management judgment and assumptions. See note 20.

The entities that own 14 of our 15 hotel properties are considered partnerships for U.S. federal income tax purposes. Partnerships are not subject to U.S. federal income taxes. Partnerships are not subject to U.S. federal income tax on their income. Instead, each of its partners is required to include in income its allocable share of the partnership's income. The states and cities where the partnerships operate follow the U.S. federal income tax treatment, with the exception of the District of Columbia, Puerto Rico and the city of Philadelphia. Accordingly, we provide for income taxes in these jurisdictions for the partnerships. The consolidated entities that operate the 15 hotel properties are considered taxable corporations for U.S. federal, foreign, state, and city income tax purposes and have elected to be TRSs of Braemar.

The "Income Taxes" topic of the FASB's ASC addresses the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. The guidance requires us to determine whether tax positions we have taken or expect to take in a tax return are more likely than not to be sustained upon examination by the appropriate taxing authority based on the technical merits of the positions. Tax positions that do not meet the more likely than not threshold would be recorded as additional tax expense in the current period. We analyze all open tax years, as defined by the statute of limitations for each jurisdiction, which includes the federal jurisdiction and various states. We classify interest and penalties related to underpayment of income taxes as income tax expense. We and our subsidiaries file income tax returns in the U.S. federal jurisdiction, USVI, Puerto Rico and various states and cities. Tax years 2020 through 2024 remain subject to potential examination by certain federal, foreign and state taxing authorities.

Income (Loss) Per Share—Basic income (loss) per common share is calculated by dividing net income (loss) attributable to common stockholders by the weighted average common shares outstanding during the period using the two-class method prescribed by applicable authoritative accounting guidance. Diluted income (loss) per common share is calculated using the two-class method, or the treasury stock method, if more dilutive. Diluted income (loss) per common share reflects the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted into common shares, whereby such exercise or conversion would result in lower income per share.

Recently Issued Accounting Standards—In December 2023, the Financial Accounting Standards Board's ("FASB") issued Accounting Standards Update ("ASU") 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, to expand the disclosure requirements for income taxes, specifically related to the rate reconciliation and income taxes paid. ASU 2023-09 is effective for our annual periods beginning January 1, 2025, with early adoption permitted. The amendments in this ASU may be applied prospectively by providing the revised disclosures for the period ending December 31, 2025 and continuing to provide the pre-ASU disclosures for the prior periods, or the amendments may be applied retrospectively by providing the revised disclosures for all periods presented. As of December 31, 2024, the Company has not adopted this ASU. The adoption of this ASU is expected to only impact disclosures with respect to the Company's consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03*, Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40) Disaggregation of Income Statement Expenses* that requires more detailed information about specified categories of expenses (purchases of inventory, employee compensation, depreciation, amortization, and depletion) included in certain expense captions presented on the face of the statement of operations.

In January 2025, the FASB issued ASU 2025-01 which amends the effective date of the new disaggregation of income statement expenses standard to clarify that all public business entities are required to adopt the guidance in annual reporting periods beginning after Dec. 15, 2026, and interim periods within annual reporting periods beginning after Dec. 15, 2027. Early adoption is still permitted. The amendments may be applied either (1) prospectively to financial statements issued for reporting periods after the effective date of this ASU or (2) retrospectively to all prior periods presented in the financial statements. We are currently evaluating the impact this ASU will have on our disclosures.

Recently Adopted Accounting Standards—In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures,* which expands annual and interim disclosure requirements for reportable segments, primarily through enhanced disclosures about significant segment expenses. We adopted the standard effective for the year ended December 31, 2024. See note 23.

3. Revenue

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

	Year Ended December 31, 2024				
Primary Geographical Market	**Number of Hotels**	**Rooms**	**Food and Beverage**	**Other Hotel**	**Total**
California	5	$ 92,330	$ 25,051	$ 15,763	$ 133,144
Puerto Rico	1	49,994	17,609	10,785	78,388
Arizona	1	36,704	26,062	9,347	72,113
Colorado	1	24,067	14,084	9,756	47,907
Florida	2	59,651	31,635	25,357	116,643
Illinois	1	27,949	7,283	2,336	37,568
Pennsylvania	1	28,642	6,358	1,455	36,455
Washington	1	30,317	5,234	3,225	38,776
Washington, D.C.	1	42,164	19,251	3,719	65,134
USVI	1	45,042	19,476	9,857	74,375
Sold hotel property	1	15,501	9,207	3,193	27,901
Total	16	$ 452,361	$ 181,250	$ 94,793	$ 728,404

	Year Ended December 31, 2023				
Primary Geographical Market	**Number of Hotels**	**Rooms**	**Food and Beverage**	**Other Hotel**	**Total**
California	5	$ 98,412	$ 27,161	$ 14,876	$ 140,449
Puerto Rico	1	50,436	18,214	11,595	80,245
Arizona	1	35,789	23,803	8,074	67,666
Colorado	1	25,351	14,888	9,096	49,335
Florida	2	61,446	32,418	22,297	116,161
Illinois	1	25,512	6,337	2,068	33,917
Pennsylvania	1	26,222	5,564	1,331	33,117
Washington	1	28,410	4,425	1,794	34,629
Washington, D.C.	1	36,615	19,234	1,867	57,716
USVI	1	47,971	17,460	9,963	75,394
Sold hotel property	1	28,735	15,827	6,152	50,714
Total	16	$ 464,899	$ 185,331	$ 89,113	$ 739,343

	Year Ended December 31, 2022				
Primary Geographical Market	**Number of Hotels**	**Rooms**	**Food and Beverage**	**Other Hotel**	**Total**
California	5	$ 106,755	$ 30,267	$ 13,641	$ 150,663
Puerto Rico	1	38,077	14,238	8,931	61,246
Arizona	1	3,107	1,430	657	5,194
Colorado	1	25,253	16,397	8,965	50,615
Florida	2	73,629	34,068	24,771	132,468
Illinois	1	24,829	7,150	1,656	33,635
Pennsylvania	1	22,237	4,121	1,178	27,536
Washington	1	21,445	3,619	1,321	26,385
Washington, D.C.	1	29,877	13,276	1,960	45,113
USVI	1	58,426	18,990	10,238	87,654
Sold hotel property	1	27,880	15,685	5,511	49,076
Total	16	$ 431,515	$ 159,241	$ 78,829	$ 669,585

4. Investments in Hotel Properties, net

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

	December 31, 2024	December 31, 2023
Land	$ 630,842	$ 630,842
Buildings and improvements	1,430,096	1,535,501
Furniture, fixtures and equipment	158,470	166,673
Construction in progress	20,420	36,954
Residences	12,746	12,746
Total cost	2,252,574	2,382,716
Accumulated depreciation	(473,888)	(498,508)
Investments in hotel properties, net	$ 1,778,686	$ 1,884,208

For the years ended December 31, 2024, 2023 and 2022, depreciation expense was $98.2 million, $92.6 million and $78.0 million, respectively.

Impairment Charges

During the years ended December 31, 2024, 2023 and 2022, no impairment charges were recorded.

5. Hotel Disposition

On July 17, 2024, the Company sold the Hilton La Jolla Torrey Pines for $165 million in cash, subject to customary prorations and adjustments. The Company owned an indirect 75% equity interest in the hotel property. Additionally, the Company repaid the $66.6 million mortgage loan secured by the hotel property.

The sale resulted in a gain of approximately $88.1 million for the year ended December 31, 2024 and is included in "gain (loss) on disposition of assets and hotel property" in our consolidated statements of operations. Since the sale of the hotel property did not represent a strategic shift that has (or will have) a major effect on our operations or financial results, its results of operations were not reported as discontinued operations in our consolidated financial statements.

We included the results of operations for this hotel property through the date of disposition in net income (loss) as shown in our consolidated statements of operations for the year ended December 31, 2024, 2023 and 2022, respectively. The following table includes the consolidated financial information from this hotel property (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Total hotel revenue	$ 27,901	$ 50,714	$ 49,076
Total hotel operating expenses	(17,194)	(30,999)	(29,336)
Property taxes, insurance and other	(1,704)	(2,876)	(2,532)
Depreciation and amortization	(2,328)	(4,176)	(4,118)
Gain (loss) on disposition of assets and hotel property	88,115	—	—
Operating income (loss)	94,790	12,663	13,090
Interest income	273	346	73
Interest expense and amortization of loan costs	(3,856)	(6,069)	(3,202)
Write-off of loan costs and exit fees	(101)	—	(21)
Income (loss) before income taxes	91,106	6,940	9,940
Income from consolidated entities attributable to noncontrolling interests	(27,995)	(3,335)	(3,419)
(Income) loss before income taxes attributable to redeemable noncontrolling interests in operating partnership	(5,028)	(247)	(502)
Income (loss) before income taxes attributable to the Company	$ 58,083	$ 3,358	$ 6,019

6. Investment in Unconsolidated Entity

OpenKey, Inc. ("OpenKey"), which is controlled and consolidated by Ashford Inc., is a hospitality-focused mobile key platform that provides a universal smart phone app and related hardware and software for keyless entry into hotel guest rooms.

As of December 31, 2024, the Company has made equity investments in OpenKey totaling $2.9 million. All investments were recommended by our Related Party Transactions Committee and unanimously approved by the independent members of our board of directors. Our investment is recorded as "investment in unconsolidated entity" in our consolidated balance sheets and is accounted for under the equity method of accounting as we have significant influence over the entity under the applicable accounting guidance.

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

	December 31, 2024	December 31, 2023
Carrying value of the investment in OpenKey (in thousands)	$ —	$ 1,416
Ownership interest in OpenKey	7.9 %	7.9 %

The following table summarizes our equity in earnings (loss) in OpenKey (in thousands):

	Year Ended December 31,		
Line Item	2024	2023	2022
Equity in earnings (loss) of unconsolidated entity	$ (297)	$ (273)	$ (328)

On February 2, 2023, the Company entered into a loan funding agreement with Ashford Inc. and OpenKey. Per the agreement, Ashford Inc. and the Company will provide OpenKey with a maximum loan amount of $5.0 million to be allocated on a pro-rata basis based on current ownership interests and funded quarterly. The loan bears interest at an annual rate of 15%. Additionally, repayment of the loan principal and all accrued interest is due upon certain events.

On February 27, 2024, the Company approved additional funding, together with Ashford Inc., up to $1.0 million in aggregate to OpenKey, allocated pro rata among them. As of December 31, 2024, funding of $79,000 has been made pursuant to the 2024 funding agreement. As of December 31, 2024, the Company has funded a total amount of approximately $317,000.

The following table summarizes our note receivable from OpenKey (in thousands):

Line Item	December 31, 2024	December 31, 2023
Investment in unconsolidated entity	$ 145	$ 258

The following table summarizes the interest income associated with the loan to OpenKey (in thousands):

	Year Ended December 31,		
Line Item	2024	2023	2022
Equity in earnings (loss) of unconsolidated entity	$ 40	$ 20	$ —

We review our investment in OpenKey, which includes our note receivable, for impairment in each reporting period pursuant to the applicable authoritative accounting guidance. An investment is impaired when its estimated fair value is less than the carrying amount of the investment. Any impairment is recorded in equity in earnings (loss) of unconsolidated entity.

As of December 31, 2024, we determined that the estimated fair value of the investment in OpenKey was less than our carrying amount. During the year ended December 31, 2024, we recorded an impairment charge of $1.1 million associated with the equity investment in OpenKey and an impairment charge of $232,000 associated with the note receivable from OpenKey. The impairment charges are included in “equity in earnings (loss) of unconsolidated entity” in our consolidated statements of operations. There were no impairment charges recorded for the years ended December 31, 2023 and 2022.

7. Indebtedness, net

Indebtedness, net consisted of the following (dollars in thousands):

					December 31, 2024		December 31, 2023	
Indebtedness	Collateral	Current Maturity	Final Maturity [15]	Interest Rate	Debt Balance	Book Value of Collateral	Debt Balance	Book Value of Collateral
Mortgage loan [3]	Cameo Beverly Hills	August 2024	August 2024	SOFR [1] + 3.66%	$ —	—	$ 30,000	71,196
Mortgage loan [4]	Hilton La Jolla Torrey Pines	August 2024	August 2024	9.00%	—	—	66,600	66,947
Mortgage loan [5]	The Ritz-Carlton Lake Tahoe	January 2025	January 2026	SOFR [1] + 3.60%	53,413	135,287	53,413	132,467
Mortgage loan [6]	Park Hyatt Beaver Creek Resort & Spa	February 2025	February 2027	SOFR [1] + 2.86%	70,500	144,707	70,500	140,966
Mortgage loan [7]	The Notary Hotel The Clancy Sofitel Chicago Magnificent Mile Marriott Seattle Waterfront	June 2025	June 2025	SOFR [1] + 2.66%	293,180	354,893	293,180	378,335
Mortgage loan [8][9]	The Ritz-Carlton St. Thomas	August 2025	August 2026	SOFR [1] + 4.35%	—	—	42,500	114,224
Mortgage loan [9][10]	Pier House Resort & Spa	September 2025	September 2026	SOFR [1] + 3.60%	—	—	80,000	81,806
Mortgage loan [11]	The Ritz-Carlton Reserve Dorado Beach	March 2026	March 2026	SOFR [1] + 4.75%	62,000	186,539	—	—
Convertible Senior Notes	Equity	June 2026	June 2026	4.50%	86,250	—	86,250	—
BAML Credit Facility [9][12]	Bardessono Hotel & Spa Hotel Yountville The Ritz-Carlton Sarasota	July 2026	July 2027	Base Rate [2] +1.25% to 2.00% or SOFR [1] + 2.35% to 3.10%	—	—	200,000	303,405
Mortgage loan [9]	Bardessono Hotel & Spa Hotel Yountville The Ritz-Carlton Sarasota Pier House Resort & Spa The Ritz-Carlton St. Thomas	August 2026	August 2029	SOFR [1] + 3.24%	407,000	496,223	—	—
Mortgage loan [13]	Four Seasons Resort Scottsdale	December 2026	December 2028	SOFR [1] + 3.75%	140,000	255,631	140,000	261,737
Mortgage loan [14]	Capital Hilton	December 2026	December 2028	SOFR [1] + 3.75%	110,600	134,013	110,600	143,840
					1,222,943	1,707,293	1,173,043	1,694,923
Capitalized default interest and late charges, net					—		120	
Deferred loan costs, net					(11,985)		(9,135)	
Premiums/(discounts), net					(940)		(1,584)	
Indebtedness, net					$ 1,210,018		$ 1,162,444	

(1) SOFR rates were 4.33% and 5.35% at December 31, 2024 and December 31, 2023, respectively.

(2) Base Rate, as defined in the secured credit facility agreement, is the greater of (i) the prime rate set by Bank of America, (ii) federal funds rate + 0.50%, (iii) Term SOFR + 1.00%, or (iv) 1.00%.

(3) This mortgage loan had a SOFR floor of 1.50%. On April 9, 2024, we repaid this mortgage loan.

(4) On February 5, 2024, we amended this mortgage loan. Terms of the amendment included extending the maturity date by six months from February 2024 to August 2024, and converting the interest rate from a variable rate of SOFR + 1.70% to a fixed rate of 9.00%. This mortgage loan was secured by the Hilton La Jolla Torrey Pines. On July 17, 2024, we sold this property for $165.0 million and repaid the mortgage loan.

(5) On January 14, 2025, we amended this mortgage loan. Terms of the amendment included a $10.0 million principal pay-down, current maturity date extension to July 2025, interest rate reduction to SOFR + 3.25%, and one six-month extension option subject to satisfaction of certain conditions.

(6) This mortgage loan has three one-year extension options, subject to satisfaction of certain conditions, of which the second was exercised February 2025.

(7) This mortgage loan has five one-year extension options, subject to satisfaction of certain conditions, of which the fifth was exercised in June 2024.

(8) On January 29, 2024, we amended this mortgage loan. Terms of the amendment included extending the current maturity date one year to August 2025, and the variable rate increased from SOFR + 4.04% to SOFR 4.35%. This amended mortgage loan had one one-year extension option, subject to satisfaction of certain conditions. This mortgage loan had a SOFR floor of 4.00%.

(9) On August 7, 2024, we refinanced this mortgage loan and credit facility into a new $407.0 million mortgage loan. The new mortgage loan is interest only and bears interest at a rate of SOFR + 3.24%, has a two-year initial term, and has three one-year extension options, subject to satisfaction of certain conditions. Braemar holds a tranche of Commercial Mortgage-Backed Securities ("CMBS"), which is secured by the five hotel properties that serve as collateral for the new mortgage loan and has a par value of $42.2 million and a rate of SOFR + 5.20%. The CMBS is reported as "investment in securities" on the consolidated balance sheet.

(10) On January 3, 2024, we amended this mortgage loan. Terms of the amendment included extending the current maturity date one year to September 2025, and the variable rate increased from SOFR + 1.95% to SOFR + 3.60%. This mortgage loan had one one-year extension option, subject to satisfaction of certain conditions.

(11) On March 7, 2024, we entered into a new $62.0 million mortgage loan. The new mortgage loan is interest only and bears interest at a rate of SOFR + 4.75%.

(12) This secured credit facility has one one-year extension option, subject to satisfaction of certain conditions.

(13) This mortgage loan has two one-year extension options, subject to satisfaction of certain conditions. This mortgage loan has a SOFR floor of 1.00%.

(14) This mortgage loan has two one-year extension options, subject to satisfaction of certain conditions. This mortgage loan has a SOFR floor of 2.00%.

(15) The final maturity date assumes all available extension options will be exercised.

On January 18, 2023, the Company repaid its $54.0 million mortgage loan secured by The Ritz-Carlton Reserve Dorado Beach, which resulted in a gain on extinguishment of debt of $2.3 million for the year ended December 31, 2023. The gain was primarily attributable to the premium that was recorded upon the assumption of the mortgage loan when the hotel was acquired.

Convertible Senior Notes

In May 2021, the Company issued $86.25 million aggregate principal amount of 4.50% Convertible Senior Notes due June 2026 (the “Convertible Senior Notes”). The net proceeds from this offering of the Convertible Senior Notes were approximately $82.8 million after deducting the underwriting fees and other expenses paid by the Company.

The Convertible Senior Notes are governed by an indenture between the Company and U.S. Bank National Association, as trustee. The Convertible Senior Notes bear interest at a rate of 4.50% per annum, payable semi-annually in arrears on June 1 and December 1 of each year, beginning on December 1, 2021. The Convertible Senior Notes will mature on June 1, 2026. For the years ended December 31, 2024, 2023 and 2022, the Company recorded coupon interest expense of $3.9 million, $3.9 million and $3.9 million, respectively.

For the years ended December 31, 2024, 2023 and 2022, the Company recorded discount amortization of $621,000, $589,000 and $553,000 respectively, related to the initial purchase discount, with the remaining discount balance to be amortized through June 2026.

The Convertible Senior Notes are convertible at any time prior to the close of business on the business day immediately preceding the maturity date for cash, shares of the Company’s common stock or a combination of cash and shares of the Company’s common stock, at the election of the Company, based on an initial conversion rate of 157.7909 shares of the Company’s common stock per $1,000 principal amount of notes (equivalent to a conversion price of approximately $6.34 per share of common stock), subject to adjustment of the conversion rate under certain circumstances. As of December 31, 2024, the conversion rate is 182.1014 shares. In addition, following the occurrence of certain corporate events, if the Company provides notice of redemption or if it exercises its option to convert the Convertible Senior Notes, the Company will, in certain circumstances, increase the conversion rate for a holder that converts its Convertible Senior Notes in connection with such corporate event, such notice of redemption, or such issuer conversion option, as the case may be.

The Company may redeem the Convertible Senior Notes at the Company’s option, in whole or in part, on any business day on or after the date of issuance if the last reported sale price per share of the Company’s common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which the Company provides a notice of redemption at a redemption price equal to 100% of the principal amount of the Convertible Senior Notes to be redeemed subject to certain adjustments, plus accrued and unpaid interest to, but excluding, the redemption date.

Maturities and scheduled amortization of indebtedness as of December 31, 2024, assuming no extension of existing extension options for each of the following five years and thereafter are as follows (in thousands):

2025	$ 417,093
2026	805,850
2027	—
2028	—
2029	—
Thereafter	—
Total	$ 1,222,943

If we violate covenants in any debt agreement, we could be required to repay all or a portion of our indebtedness before maturity at a time when we might be unable to arrange financing for such repayment on attractive terms, if at all. The assets of certain of our subsidiaries are pledged under non-recourse indebtedness and are not available to satisfy the debts and other obligations of the consolidated group. As of December 31, 2024, we were in compliance with all covenants.

8. Note Receivable

On July 2, 2024, Braemar, Ashford Hospitality Trust, Inc. ("Ashford Trust") and Ashford Inc. (collectively with the Company, Ashford Trust and each of Ashford Inc.'s, the Company's and Ashford Trust's respective affiliates (including Stirling Hotels & Resorts, Inc.) and any entity advised by Ashford Inc., the "Company Group") entered into a Cooperation Agreement (the "Agreement") with Blackwells Capital LLC, Blackwells Onshore I LLC, Blackwells Holding Co. LLC, Vandewater Capital Holdings, LLC, Blackwells Asset Management LLC, BW Coinvest Management I LLC and Jason Aintabi (collectively, the "Blackwells Parties") regarding the withdrawal of the Blackwells Parties' proxy campaign, dismissal of pending litigation involving the parties and certain other matters.

Pursuant to the Agreement, the Blackwells Parties have agreed to withdraw (i) the notice delivered to the Company on March 10, 2024 purporting to nominate four director candidates to the Company's board of directors (the "Board") and make certain other proposals and (ii) the definitive proxy statement filed with the SEC on April 3, 2024 to solicit proxies from stockholders of the Company to vote in favor of the Blackwells Parties' director nominees and proposals.

The Blackwells Parties have also agreed to specified standstill restrictions with respect to the Company Group, which will expire on July 2, 2034. During the standstill period, the Blackwells Parties are required to (i) appear in person or by proxy at each meeting of stockholders of the members of the Company Group in which they beneficially own shares of stock and vote any Blackwells Parties' shares then beneficially owned by them in accordance with the recommendation of the board of directors of such member of the Company Group on any proposals considered at such meeting and (ii) deliver consents or consent revocations in any action by written consent by stockholders of any member of the Company Group in which they beneficially own shares in accordance with the recommendation of the board of directors of such member of the Company Group.

The Agreement also provides for the voluntary dismissal, with prejudice, of the consolidated action previously pending in the U.S. District Court for the Northern District of Texas to which the Company, Blackwells Capital LLC and certain of their respective related parties were parties (the "Consolidated Litigation"). Pursuant to the Agreement, the Consolidated Litigation was voluntarily dismissed, with prejudice, on July 3, 2024. The Company has agreed to reimburse Blackwells Capital LLC, in an amount agreed upon by the parties, for the Blackwells Parties' reasonable attorneys' fees and expenses incurred in connection with the Consolidated Litigation and related matters.

The Agreement contains various other obligations and provisions applicable to the Company Group and the Blackwells Parties, including a mutual release of claims and mutual non-disparagement.

Concurrently and in connection with the Agreement, certain of the parties thereto have also entered into a Share Ownership Agreement (the "Share Ownership Agreement") and a Loan Agreement (the "Loan Agreement"), pursuant to which agreements the Company will provide to BW Coinvest I, LLC ("Borrower") an unsecured loan (the "Loan"). The proceeds from the Loan will be used to reimburse Borrower for 70% of the amount expended by Borrower to purchase on the open market a total of 3,500,000 shares of the Company's common stock (the "Purchased Shares") within six months of the date of Loan Agreement, at a price per Purchased Share not to exceed $10 and subject to the other limitations set forth therein. The Loan has a term of five years (the "Term"), is guaranteed by Jason Aintabi, Vandewater Capital Holdings, LLC, Blackwells Holding Co. LLC, and Blackwells Asset Management LLC and shall bear payment-in-kind interest during the Term at a rate equal to the sum of (a) Term SOFR (as defined in the Loan Agreement) and (b) 3.00% (three hundred basis points) per annum. The Company has agreed to reimburse Blackwells Capital LLC, in an amount agreed upon by the parties, for the Blackwells Parties' reasonable due diligence expenses incurred on or prior to the date of the Share Ownership Agreement.

As of December 31, 2024, the Company has advanced approximately $8.1 million that has been used to purchase 3.5 million shares of Braemar common stock.

Note receivable is summarized in the table below (dollars in thousands):

Line Item	Interest Rate	December 31, 2024	December 31, 2023
Note receivable	SOFR + 3.00%	$ 8,283	$ —

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

	Year Ended December 31,		
Line Item	2024	2023	2022
Interest income	$ 207	$ —	$ —

We review receivables for impairment each reporting period. Under the model, the Company estimates credit losses over the entire contractual term of the instrument from the date of initial recognition of that instrument and is required to record a credit loss expense (or reversal) in each reporting period. Our assessment of impairment is based on considerable management judgment and assumptions. No impairment charges were recorded for the year ended December 31, 2024.

9. Derivative Instruments

Interest Rate Derivatives—We are exposed to risks arising from our business operations, economic conditions and financial markets. To manage these risks, we primarily use interest rate derivatives to hedge our debt and our cash flows, which include interest rate caps. All derivatives are recorded at fair value. Payments from counterparties on in-the-money interest rate caps are recognized as realized gains on our consolidated statements of operations.

The following table summarizes the interest rate derivatives we entered into over the applicable periods:

	Year Ended December 31,		
Interest rate caps:[(1)]	**2024**	**2023**	**2022**
Notional amount (in thousands)	$ 935,280	$ 537,780	$ 776,500
Strike rate low end of range	3.50 %	3.50 %	3.50 %
Strike rate high end of range	8.00 %	5.25 %	4.50 %
Effective date range	January 2024 - December 2024	January 2023 - December 2023	February 2022 - December 2022
Termination date range	January 2025 - August 2026	January 2024 - January 2026	May 2023 - January 2025
Total cost of interest rate caps (in thousands)	$ 1,592	$ 5,051	$ 3,030

(1) No instruments were designated as cash flow hedges.

Interest rate derivatives consisted of the following:

Interest rate caps: [(1)]	**December 31, 2024**	**December 31, 2023**
Notional amount (in thousands)	$ 1,185,880	$ 778,280
Strike rate low end of range	3.50 %	2.00 %
Strike rate high end of range	8.00 %	5.25 %
Termination date range	January 2025 - August 2026	June 2024- January 2025
Aggregate principal balance on corresponding mortgage loans (in thousands)	$ 1,074,693	$ 777,693

(1) No instruments were designated as cash flow hedges.

Warrants—On August 5, 2021, as part of the consideration paid to acquire the Cameo Beverly Hills (formerly known as the Mr. C Beverly Hills Hotel) and five adjacent luxury residences, the Company issued 500,000 warrants for the purchase of Braemar common stock with a $6.00 strike price on or after August 5, 2021 until August 5, 2024. The warrants expired worthless on August 5, 2024.

10. Fair Value Measurements

Fair Value Hierarchy—Our financial instruments measured at fair value either on a recurring or a non-recurring basis are classified in a hierarchy for disclosure purposes consisting of three levels based on the observability of inputs in the marketplace as discussed below:

- Level 1: Fair value measurements that are quoted prices (unadjusted) in active markets that we have the ability to access for identical assets or liabilities. Market price data generally is obtained from exchange or dealer markets.
- Level 2: Fair value measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals.
- Level 3: Fair value measurements based on valuation techniques that use significant inputs that are unobservable. The circumstances for using these measurements include those in which there is little, if any, market activity for the asset or liability.

The fair value of interest rate caps are determined using the market standard methodology of discounting the future expected cash receipts that would occur if variable interest rates rose above the strike rates of the caps. Variable interest rates used in the calculation of projected receipts and payments on the caps are based on an expectation of future interest rates derived from observable market interest rate curves (SOFR forward curves) and volatilities (Level 2 inputs). We also incorporate credit valuation adjustments (Level 3 inputs) to appropriately reflect both our own nonperformance risk and the respective counterparty's nonperformance risk.

When a majority of the inputs used to value our derivatives fall within Level 2 of the fair value hierarchy, the derivative valuations in their entirety are classified in Level 2 of the fair value hierarchy. However, when the valuation adjustments associated with our derivatives utilize Level 3 inputs, such as estimates of current credit spreads, to evaluate the likelihood of default by us and our counterparties, which we consider significant (10% or more) to the overall valuation of our derivatives, the derivative valuations in their entirety are classified in Level 3 of the fair value hierarchy. Transfers of inputs between levels are determined at the end of each reporting period. In determining the fair values of our derivatives at December 31, 2024, the SOFR interest rate forward curve (Level 2 inputs) assumed a downtrend from 4.332% to 3.913% for the remaining term of our derivatives. Credit spreads (Level 3 inputs) used in determining the fair values derivatives assumed an uptrend in nonperformance risk for us and all of our counterparties through the maturity dates.

Investment in securities includes mortgage-backed securities. These securities are classified as available for sale and are generally reported at fair value utilizing Level 2 inputs where the Company obtains fair value measurements from an external pricing vendor. Prices received from the vendor are analyzed based on various sources of observable market data. If prices are not within certain tolerance levels that are based on the asset type's characteristics, the exception is researched and, if the price is not able to be validated, an alternate pricing vendor is utilized.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table presents our assets and liabilities measured at fair value on a recurring basis aggregated by the level within which measurements fall in the fair value hierarchy (in thousands):

	Quoted Market Prices (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total	
December 31, 2024					
Assets					
CMBS	$ —	$ 41,535	$ —	$ 41,535	(1)
Derivative assets:					
Interest rate derivatives - caps	$ —	$ 356	$ —	$ 356	(2)
Total	$ —	$ 41,891	$ —	$ 41,891	

	Quoted Market Prices (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total	
December 31, 2023					
Assets					
Derivative assets:					
Interest rate derivatives - caps	$ —	$ 2,847	$ —	$ 2,847	(2)
	$ —	$ 2,847	$ —	$ 2,847	
Liabilities					
Derivative liabilities:					
Warrants	$ —	$ (12)	$ —	$ (12)	(3)
Net	$ —	$ 2,835	$ —	$ 2,835	

(1) Reported as "investment in securities" in our consolidated balance sheet.

(2) Reported as "derivative assets" in our consolidated balance sheets.

(3) Reported as "derivative liabilities" in our consolidated balance sheets

Effect of Fair Value Measured Assets and Liabilities on Consolidated Statements of Operations

The following table summarizes the effect of fair value measured assets and liabilities on our consolidated statements of operations (in thousands):

	Gain (Loss) Recognized in Income		
	Year Ended December 31,		
	2024	2023	2022
Assets			
Derivative assets:			
Interest rate derivatives - caps	$ 573	$ (935)	$ 3,810
Total	$ 573	$ (935)	$ 3,810
Liabilities			
Derivative liabilities:			
Warrants	$ 12	$ 272	$ 1,151
Net	$ 585	$ (663)	$ 4,961
Total combined			
Interest rate derivatives - caps	$ (4,083)	$ (8,685)	$ 3,313
Warrants	12	272	1,151
Unrealized gain (loss) on derivatives	$ (4,071) [1]	$ (8,413) [1]	$ 4,464 [1]
Realized gain (loss) on interest rate caps	4,656 [1] [2]	7,750 [1] [2]	497 [1] [2]
Net	$ 585	$ (663)	$ 4,961

(1) Reported in "realized and unrealized gain (loss) on derivatives" in our consolidated statements of operations.

(2) Represents settled and unsettled payments from counterparties on interest rate caps.

At December 31, 2024, the amortized cost of the CMBS was $42.3 million. The unrealized gain (loss) that was recognized as a change in other comprehensive income (loss) was $(744,000) for the year ended December 31, 2024.

11. Summary of Fair Value of Financial Instruments

Determining the estimated fair values of certain financial instruments such as indebtedness requires considerable judgment to interpret market data. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts. Accordingly, the estimates presented are not necessarily indicative of the amounts at which these instruments could be purchased, sold or settled.

The carrying amounts and estimated fair values of financial instruments were as follows (in thousands):

	December 31, 2024		December 31, 2023	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Financial assets measured at fair value:				
Investment in securities	$ 41,535	$ 41,535	$ —	$ —
Derivative assets	356	356	2,847	2,847
Financial liabilities measured at fair value:				
Derivative liabilities	$ —	$ —	$ 12	$ 12
Financial assets not measured at fair value:				
Cash and cash equivalents	$ 135,465	$ 135,465	$ 85,599	$ 85,599
Restricted cash	49,592	49,592	80,904	80,904
Accounts receivable, net	31,754	31,754	39,199	39,199
Note receivable	8,283	8,283	—	—
Due from third-party hotel managers	22,873	22,873	17,739	17,739
Financial liabilities not measured at fair value:				
Indebtedness	$ 1,222,003	$ 1,207,420	$ 1,171,459	$ 1,124,377
Accounts payable and accrued expenses	143,566	143,566	149,867	149,867
Dividends and distributions payable	9,255	9,255	9,158	9,158
Due to Ashford Inc.	4,267	4,267	1,471	1,471
Due to related parties, net	1,055	1,055	603	603
Due to third-party hotel managers	1,476	1,476	1,608	1,608

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

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

Investment in securities. See note 10 for a complete description of the methodology and assumptions utilized in determining fair values.

Note receivable. The carrying amount of note receivable approximates its fair value. We estimate the fair value of the note receivable to approximate the carrying value of $8.3 million at December 31, 2024. This is considered a Level 2 valuation technique.

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

Indebtedness, net. Fair value of indebtedness is determined using future cash flows discounted at current replacement rates for these instruments. Cash flows are determined using a forward interest rate yield curve. The current replacement rates are determined by using the U.S. Treasury yield curve or the index to which these financial instruments are tied, and adjusted for the credit spreads. Credit spreads take into consideration general market conditions, maturity and collateral. We estimated the fair value of the total indebtedness to be approximately 98.8% of the carrying value of $1.2 billion at December 31, 2024, and approximately 96.0% of the carrying value of $1.2 billion at December 31, 2023. These fair value estimates are considered a Level 2 valuation technique.

12. Income (Loss) Per Share

The following table reconciles the amounts used in calculating basic and diluted income (loss) per share (in thousands, except per share amounts):

	Year Ended December 31,		
	2024	2023	2022
Net income (loss) attributable to common stockholders - basic and diluted:			
Net income (loss) attributable to the Company	$ (1,693)	$ (27,017)	$ 17,761
Less: dividends on preferred stock	(40,295)	(42,304)	(21,503)
Less: deemed dividends on preferred stock	(8,958)	(4,719)	(6,954)
Less: dividends on common stock	(13,302)	(13,164)	(5,598)
Less: dividends on unvested performance stock units	(99)	(226)	(36)
Add: claw back of dividends on cancelled performance stock units	—	—	7
Less: dividends on unvested restricted shares	—	(33)	(38)
Undistributed net income (loss) allocated to common stockholders	(64,347)	(87,463)	(16,361)
Add back: dividends on common stock	13,302	13,164	5,598
Distributed and undistributed net income (loss) - basic and diluted	$ (51,045)	$ (74,299)	$ (10,763)
Weighted average common shares outstanding:			
Weighted average common shares outstanding – basic and diluted	66,500	65,989	69,687
Income (loss) per share - basic and diluted:			
Net income (loss) allocated to common stockholders per share	$ (0.77)	$ (1.13)	$ (0.15)

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

	Year Ended December 31,		
	2024	2023	2022
Net income (loss) allocated to common stockholders is not adjusted for:			
Income (loss) allocated to unvested restricted shares	$ —	$ 33	$ 38
Income (loss) allocated to unvested performance stock units	99	226	30
Income (loss) attributable to redeemable noncontrolling interests in operating partnership	(4,472)	(5,230)	(476)
Dividends on preferred stock - Series B	4,233	4,233	4,233
Interest expense on Convertible Senior Notes	4,503	4,470	4,435
Dividends on preferred stock - Series E (inclusive of deemed dividends)	38,089	34,817	18,969
Dividends on preferred stock - Series M (inclusive of deemed dividends)	3,631	4,673	1,955
Total	$ 46,083	$ 43,222	$ 29,184
Weighted average diluted shares are not adjusted for:			
Effect of unvested restricted shares	—	3	39
Effect of unvested performance stock units	25	273	—
Effect of assumed conversion of operating partnership units	6,421	5,487	5,907
Effect of assumed conversion of preferred stock - Series B	4,116	4,116	4,116
Effect of contingently issuable shares	—	—	1
Effect of assumed conversion of Convertible Senior Notes	15,184	13,609	13,609
Effect of assumed conversion of preferred stock - Series E	150,154	126,832	34,730
Effect of assumed conversion of preferred stock - Series M	15,961	14,740	3,366
Total	191,861	165,060	61,768

13. Redeemable Noncontrolling Interests in Operating Partnership

Redeemable noncontrolling interests in the operating partnership represent the limited partners' proportionate share of equity and their allocable share of equity in earnings/losses of Braemar OP, which is an allocation of net income/loss attributable to the common unitholders based on the weighted average ownership percentage of these limited partners' common units of limited partnership interest in the operating partnership (the "common units") and units issued under our Long-Term Incentive Plan (the "LTIP units") that are vested. Each common unit may be redeemed, by the holder, for either cash or, at our sole discretion, up to one share of our REIT common stock, which is either: (i) issued pursuant to an effective registration statement; (ii) included in an effective registration statement providing for the resale of such common stock; or (iii) issued subject to a registration rights agreement.

LTIP units, which are issued to certain executives and employees of Ashford LLC as compensation, generally have vesting periods of three years. Additionally, certain independent members of the board of directors have elected to receive LTIP units as part of their compensation, which are fully vested upon grant. Upon reaching economic parity with common units, each vested LTIP unit can be converted by the holder into one common unit which can then be redeemed for cash or, at our election, settled in our common stock. An LTIP unit will achieve parity with the common units upon the sale or deemed sale of all or substantially all of the assets of our operating partnership at a time when our stock is trading at a level in excess of the price it was trading on the date of the LTIP issuance. More specifically, LTIP units will achieve full economic parity with common units in connection with (i) the actual sale of all or substantially all of the assets of our operating partnership; or (ii) the hypothetical sale of such assets, which results from a capital account revaluation, as defined in the partnership agreement, for our operating partnership.

The compensation committee of the board of directors of the Company may authorize the issuance of Performance LTIP units to certain executive officers and directors from time to time. The award agreements provide for the grant of a target number of Performance LTIP units that will be settled in common units of Braemar OP, if, when and to the extent the applicable vesting criteria have been achieved following the end of the performance and service period, which is generally three years from the grant date. The performance awards will be eligible to vest, from 0% to 200% of target, based on achievement of certain performance targets over the three-year performance period. The performance criteria are based on performance conditions under the relevant literature. The corresponding compensation cost is recognized ratably over the service period for the award as the service is rendered, based on the applicable measurement date fair value of the award. The grant date fair value of the award may vary from period to period, as the number of performance grants earned may vary since the estimated probable achievement of certain performance targets may vary from period to period. During the year ended 2024, Performance LTIPs granted in 2022, vested at 174% of target based on the performance conditions met over the performance period.

As of December 31, 2024, there were approximately 353,000 unvested Performance LTIP units, representing 200% of the target, outstanding.

As of December 31, 2024, we have issued a total of approximately 1.8 million LTIP and Performance LTIP units, net of Performance LTIP cancellations. All LTIP and Performance LTIP units, other than approximately 623,000 LTIP units and 353,000 Performance LTIP units issued from March 2015 to December 2024, had reached full economic parity with, and are convertible into, common units.

The following table presents the redeemable noncontrolling interests in Braemar OP (in thousands) and the corresponding approximate ownership percentage of our operating partnership:

	December 31, 2024	December 31, 2023
Redeemable noncontrolling interests in Braemar OP (in thousands)	$ 29,964	$ 32,395
Adjustments to redeemable noncontrolling interests [1] (in thousands)	$ 1,324	$ 66
Ownership percentage of operating partnership	8.05 %	6.63 %

(1) Reflects the excess of the redemption value over the accumulated historical cost.

We allocated net (income) loss to the redeemable noncontrolling interests as illustrated in the table below (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Net (income) loss attributable to redeemable noncontrolling interests in operating partnership	$ 4,472	$ 5,230	$ 476
Distributions declared to holders of common units, LTIP units and Performance LTIP units	1,397	1,444	665
Performance LTIP dividend claw back upon cancellation	—	—	(4)

The following table presents compensation expense for Performance LTIP units and LTIP units (in thousands):

Type	Line Item	Year Ended December 31, 2024	2023	2022
Performance LTIP units	Advisory services fee	$ 1,842	$ 4,445	$ 4,301
LTIP units	Advisory services fee	209	1,039	1,229
LTIP units	Corporate, general and administrative	3	14	28
LTIP units - independent directors	Corporate, general and administrative	154	182	252
Total		$ 2,208	$ 5,680	$ 5,810

The unamortized cost of the unvested Performance LTIP units of approximately $77,000 at December 31, 2024 will be expensed over a period of 1.0 year with a weighted average period of 1.0 year.

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

	Year Ended December 31, 2024	2023	2022
Units outstanding at beginning of year	7,224	8,283	7,158
LTIP units issued	151	44	44
Performance LTIP units issued	—	353	1,194
Units redeemed for shares of common stock	—	(1,456)	—
Performance LTIP units cancelled	(155)	—	(113)
Units outstanding at end of year	7,220	7,224	8,283
Units convertible/redeemable at end of year	6,244	4,292	5,841

The following table presents the common units redeemed for cash (in thousands):

	Year Ended December 31, 2024	2023	2022
Units redeemed	—	1,456	—
Cash value of common units redeemed	$ —	$ 7,162 [(1)]	$ —

(1) Includes Mr. Monty J. Bennett's 1.4 million common units redeemed for cash of approximately $7.0 million during February 2023.

14. Equity

Common Stock Dividends—The following table summarizes the common stock dividends declared during the period (in thousands):

	Year Ended December 31, 2024	2023	2022
Common stock dividends declared	$ 13,401	$ 13,423	$ 5,665

8.25% Series D Cumulative Preferred Stock—At December 31, 2024 and 2023, there were 1.6 million shares of 8.25% Series D cumulative preferred stock outstanding. The Series D cumulative preferred stock ranks senior to all classes or series of the Company's common stock and future junior securities, on a parity with each series of the Company's outstanding preferred stock (the Series B cumulative convertible preferred stock) and with any future parity securities and junior to future senior securities and to all of the Company's existing and future indebtedness, with respect to the payment of dividends and the distribution of amounts upon liquidation, dissolution or winding up of the Company's affairs. Series D cumulative preferred stock has no maturity date, and we are not required to redeem the shares at any time. Series D cumulative preferred stock is redeemable at our option for cash (on or after November 20, 2023), in whole or from time to time in part, at a redemption price of $25.00 per share plus accrued and unpaid dividends, if any, at the redemption date. Series D cumulative preferred stock may be converted into shares of our common stock, at the option of the holder, in certain limited circumstances such as a change of control. Each share of Series D cumulative preferred stock is convertible into a maximum 5.12295 shares of our common stock. The actual number is based on a formula as defined in the Series D cumulative preferred stock agreement (unless the Company exercises its right to redeem the Series D cumulative preferred shares for cash, for a limited period upon a change in control). The necessary conditions to convert the Series D cumulative preferred stock to common stock have not been met as of period end. Therefore, Series D cumulative preferred stock will not impact our earnings per share. Series D cumulative preferred stock quarterly dividends are set at the rate of 8.25% of the $25.00 liquidation preference (equivalent to an annual dividend rate of $2.0625 per share). In general, Series D cumulative preferred stockholders have no voting rights.

The Series D Preferred Stock dividend for all issued and outstanding shares is set at $2.0625 per annum per share.

The following table summarizes dividends declared (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Series D Cumulative Preferred Stock	$ 3,300	$ 3,300	$ 3,300

Stock Repurchases—On May 3, 2024, the board of directors approved a new share repurchase program pursuant to which the board of directors granted a repurchase authorization to acquire shares of the Company's common stock, par value $0.01 per share, having an aggregate value of up to $50 million. As of December 31, 2024, the Company has not repurchased any common stock pursuant to this program.

We repurchased approximately 170,000, 83,000 and 262,000 shares of our common stock in 2024, 2023 and 2022, respectively, to satisfy employees' statutory minimum U.S. federal income tax obligations in connection with vesting of equity grants issued under our stock-based compensation plan.

Noncontrolling Interest in Consolidated Entities—A partner has a noncontrolling ownership interest of 25% in one hotel property with a total carrying value of $(3.4) million and two hotel properties with a total carrying value of $(8.9) million at December 31, 2024 and 2023, respectively.

The following table summarizes the (income) loss allocated to the noncontrolling interest in consolidated entities (in thousands):

	Year Ended December 31,		
	2024	2023	2022
(Income) loss from consolidated entities attributable to noncontrolling interests	$ (25,928)	$ (1,619)	$ (2,063)

15. Redeemable Preferred Stock

5.50% Series B Cumulative Convertible Preferred Stock

Each share of our 5.50% Series B Cumulative Convertible Preferred Stock (the "Series B Convertible Preferred Stock") is convertible at any time, at the option of the holder, into a number of whole shares of common stock at a conversion price of $18.70 (which represents a conversion rate of 1.3372 shares of our common stock, subject to certain adjustments). The Series B Convertible Preferred Stock is also subject to conversion upon certain events constituting a change of control. Holders of the Series B Convertible Preferred Stock have no voting rights, subject to certain exceptions. The Series B Convertible Preferred Stock dividend for all issued and outstanding shares is set at $1.375 per annum per share.

The Company may, at its option, cause the Series B Convertible Preferred Stock to be converted in whole or in part, on a pro-rata basis, into fully paid and nonassessable shares of the Company's common stock at the conversion price, provided that the "Closing Bid Price" (as defined in the Articles Supplementary) of the Company's common stock shall have equaled or exceeded 110% of the conversion price for the immediately preceding 45 consecutive trading days ending three days prior to the date of notice of conversion.

Additionally, the Series B Convertible Preferred Stock contains cash redemption features that consist of: 1) an optional redemption in which on or after June 11, 2020, the Company may redeem shares of the Series B Convertible Preferred Stock, in whole or in part, for cash at a redemption price of $25.00 per share, plus any accumulated, accrued and unpaid dividends; 2) a special optional redemption, in which on or prior to the occurrence of a Change of Control (as defined in the Articles Supplementary), the Company may redeem shares of the Series B Convertible Preferred Stock, in whole or in part, for cash at a redemption price of $25.00 per share; and 3) a "REIT Termination Event" and "Listing Event Redemption," in which at any time (i) a REIT Termination Event (as defined below) occurs or (ii) the Company's common stock fails to be listed on the NYSE, NYSE American, or NASDAQ, or listed or quoted on an exchange or quotation system that is a successor thereto (each, a "National Exchange"), the holder of Series B Convertible Preferred Stock shall have the right to require the Company to redeem any or all shares of Series B Convertible Preferred Stock at 103% of the liquidation preference ($25.00 per share, plus any accumulated, accrued, and unpaid dividends) in cash.

A "REIT Termination Event," shall mean the earliest of:

(i) filing of a federal income tax return where the Company does not compute its income as a REIT;

(ii) stockholders' approval on ceasing to be qualified as a REIT;

(iii) board of directors' approval on ceasing to be qualified as a REIT;

(iv) board's determination based on the advice of counsel to cease to be qualified as a REIT; or

(v) determination within the meaning of Section 1313(a) of the Code to cease to be qualified as a REIT.

On December 4, 2019, we entered into equity distribution agreements with certain sales agents to sell from time to time shares of our Series B Convertible Preferred Stock having an aggregate offering price of up to $40.0 million. Sales of shares of our Series B Convertible Preferred Stock may be made in negotiated transactions or transactions that are deemed to be "at-the-market" offerings as defined in Rule 415 of the Securities Act of 1933, as amended (the "Securities Act"), including sales made directly on the NYSE, the existing trading market for our Series B Convertible Preferred Stock, or sales made to or through a market maker other than on an exchange or through an electronic communications network. We will pay each of the sales agents a commission, which in each case shall not be more than 2.0% of the gross sales price of the shares of our Series B Convertible Preferred Stock sold through such sales agents. As of December 31, 2024, we have sold approximately 65,000 shares of our Series B Convertible Preferred Stock and received proceeds of approximately $1.2 million under this program.

Series B Convertible Preferred Stock does not meet the requirements for permanent equity classification prescribed by the authoritative guidance because of certain cash redemption features that are outside our control. As such, the Series B Convertible Preferred Stock is classified outside of permanent equity.

The following table summarizes dividends declared (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Series B Convertible Preferred Stock	$ 4,233	$ 4,233	$ 4,233

Series E Redeemable Preferred Stock

On April 2, 2021, the Company entered into equity distribution agreements with certain sales agents to sell, from time to time, shares of the Series E Redeemable Preferred Stock (the "Series E Preferred Stock"). Pursuant to such equity distribution agreements, the Company offered a maximum of 20,000,000 shares of Series E Preferred Stock in a primary offering at a price of $25.00 per share. On February 21, 2023, the Company announced the closing of its Series E Preferred Stock offering. The Company is also offering a maximum of 8,000,000 shares of the Series E Preferred Stock pursuant to a dividend reinvestment plan (the "DRIP") at $25.00 per share (the "Stated Value").

The Series E Preferred Stock ranks senior to all classes or series of the Company's common stock and future junior securities, on a parity with each series of the Company's outstanding preferred stock (the Series B Convertible Preferred stock, the Series D Preferred Stock and the Series M Preferred Stock (as defined below)) and with any future parity securities and junior to future senior securities and to all of the Company's existing and future indebtedness, with respect to the payment of dividends and the distribution of amounts upon liquidation, dissolution or winding up of the Company's affairs.

Holders of the Series E Preferred Stock shall have the right to vote for the election of directors of the Company and on all other matters requiring stockholder action by the holders of the common stock, each share being entitled to vote to the same extent as one share of the Company's common stock, and all such shares voting together as a single class. If and whenever dividends on any shares of the Series E Preferred Stock shall be in arrears for 18 or more monthly periods, whether or not such quarterly periods are consecutive, the number of directors then constituting the board shall be increased by two and the holders of such shares of Series E Preferred Stock (voting together as a single class with all other classes or series of capital stock ranking on a parity with the Series E Preferred Stock) shall be entitled to vote for the election of the additional directors of the Company who shall each be elected for one-year terms.

Each share is redeemable at any time, at the option of the holder, at a redemption price of $25.00 per share, plus any accumulated, accrued and unpaid dividends, less a redemption fee. Starting on the second anniversary, each share is redeemable at any time, at the option of the Company, at a redemption price of $25.00 per share, plus any accumulated, accrued and unpaid dividends (with no redemption fee). The Series E Preferred Stock is also subject to conversion upon certain events constituting a change of control. Upon such change of control events, holders have the option to convert their shares of Series E Preferred Stock into a maximum of 5.69476 shares of our common stock.

The redemption fee shall be an amount equal to:

- 8.0% of the stated value of $25.00 per share (the "Stated Value") beginning on the Original Issue Date (as defined in the Articles Supplementary) of the shares of the Series E Preferred Stock to be redeemed;
- 5.0% of the Stated Value beginning on the second anniversary from the Original Issue Date of the shares of the Series E Preferred Stock to be redeemed; and
- 0% of the Stated Value beginning on the third anniversary from the Original Issue Date of the shares of the Series E Preferred Stock to be redeemed.

The Company has the right, in its sole discretion, to redeem the shares in cash, or in an equal number of shares of common stock or any combination thereof, calculated based on the closing price per share for the single trading day prior to the date of redemption.

The Series E Preferred Stock cash dividends are as follows:

- 8.00% per annum of the Stated Value beginning on the date of the first settlement of the Series E Preferred Stock (the "Date of Initial Closing");
- 7.75% per annum of the Stated Value beginning on the first anniversary from the Date of Initial Closing; and
- 7.50% per annum of the Stated Value beginning on the second anniversary from the Date of Initial Closing.

Dividends are payable on a monthly basis in arrears on the 15th day of each month (or, if such payment date is not a business day, the next succeeding business day) to holders of record at the close of business on the last business day of each month immediately preceding the applicable dividend payment date. Dividends will be computed on the basis of twelve 30-day months and a 360-day year.

The Company has a DRIP that allows participating holders to have their Series E Preferred Stock dividend distributions automatically reinvested in additional shares of the Series E Preferred Stock at a price of $25.00 per share.

The issuance activity of the Series E Preferred Stock is summarized below (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Series E Preferred Stock shares issued [1]	—	3,798	10,914
Net proceeds [1]	$ —	$ 85,444	$ 245,575

(1) Exclusive of shares issued under the DRIP.

The Series E Preferred Stock does not meet the requirements for permanent equity classification prescribed by the authoritative guidance because of certain cash redemption features that are outside of the Company's control. As such, the Series E Preferred Stock is classified outside of permanent equity.

At the date of issuance, the carrying amount of the Series E Preferred Stock was less than the redemption value. As a result of the Company's determination that redemption is probable, the carrying value will be adjusted to the redemption amount each reporting period.

The redemption value adjustment of Series E Preferred Stock is summarized below (in thousands):

	December 31, 2024	December 31, 2023
Series E Preferred Stock	$ 352,502	$ 377,035
Cumulative adjustments to Series E Preferred Stock [1]	$ 22,098	$ 13,337

(1) Reflects the excess of the redemption value over the accumulated carrying value.

The following table summarizes dividends declared (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Series E Preferred Stock	$ 29,328	$ 30,883	$ 12,694

The redemption activities of Series E Preferred Stock is summarized below (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Series E Preferred Stock shares redeemed	1,535	272	14
Redemption amount, net of redemption fees	$ 36,554	$ 6,423	$ 365

Series M Redeemable Preferred Stock

On April 2, 2021, the Company entered into equity distribution agreements with certain sales agents to sell, from time to time, shares of the Series M Redeemable Preferred Stock (the "Series M Preferred Stock"). Pursuant to such equity distribution agreements, the Company offered a maximum of 20,000,000 shares of the Series M Preferred Stock (par value $0.01) in a primary offering at a price of $25.00 per share (or "Stated Value"). On February 21, 2023, the Company announced the closing of its Series M Preferred Stock offering. The Company is also offering a maximum of 8,000,000 shares of Series M Preferred Stock pursuant to the DRIP at $25.00 per share.

The Series M Preferred Stock ranks senior to all classes or series of the Company's common stock and future junior securities, on a parity with each series of the Company's outstanding preferred stock (the Series B Convertible Preferred Stock, the Series D Preferred Stock and the Series E Preferred Stock) and with any future parity securities and junior to future senior securities and to all of the Company's existing and future indebtedness, with respect to the payment of dividends and the distribution of amounts upon liquidation, dissolution or winding up of the Company's affairs.

Holders of the Series M Preferred Stock shall have the right to vote for the election of directors of the Company and on all other matters requiring stockholder action by the holders of the common stock, each share being entitled to vote to the same extent as one share of the Company's common stock, and all such shares voting together as a single class. If and whenever dividends on any shares of Series M Preferred Stock shall be in arrears for 18 or more monthly periods, whether or not such quarterly periods are consecutive, the number of directors then constituting the board shall be increased by two and the holders of such shares of Series M Preferred Stock (voting together as a single class with all other classes or series of capital stock ranking on a parity with the Series M Preferred Stock) shall be entitled to vote for the election of the additional directors of the Company who shall each be elected for one-year terms.

Each share is redeemable at any time, at the option of the holder, at a redemption price of $25.00 per share, plus any accumulated, accrued and unpaid dividends, less a redemption fee. Starting on the second anniversary, each share is redeemable at any time, at the option of the Company, at a redemption price of $25.00 per share, plus any accumulated, accrued and unpaid dividends (with no redemption fee). The Series M Preferred Stock is also subject to conversion upon certain events constituting a change of control. Upon such change of control events, holders have the option to convert their shares of Series M Preferred Stock into a maximum of 5.69476 shares of our common stock.

The redemption fee shall be an amount equal to:

- 1.5% of the Stated Value of $25.00 per share beginning on the Series M Original Issue Date (as defined in the Articles Supplementary) of the shares of Series M Preferred Stock to be redeemed; and
- 0% of the Stated Value beginning on the first anniversary from the Series M Original Issue Date of the shares of Series M Preferred Stock to be redeemed.

The Company has the right, in its sole discretion, to redeem the shares in cash, or in an equal number of shares of common stock or any combination thereof, calculated based on the closing price per share for the single trading day prior to the date of redemption.

Holders of Series M Preferred Stock are entitled to receive cumulative cash dividends at the initial rate of 8.2% per annum of the Stated Value of $25.00 per share (equivalent to an annual dividend rate of $2.05 per share). Beginning one year from the date of original issuance of each share of Series M Preferred Stock and on each one-year anniversary thereafter for such share of Series M Preferred Stock, the dividend rate shall increase by 0.10% per annum; provided, however, that the dividend rate for any share of Series M Preferred Stock shall not exceed 8.7% per annum of the Stated Value.

Dividends are payable on a monthly basis and in arrears on the 15th day of each month (or, if such payment date is not a business day, on the next succeeding business day) to holders of record at the close of business on the last business day of each month immediately preceding the applicable dividend payment date. Dividends will be computed on the basis of twelve 30-day months and a 360-day year.

The Company has a DRIP that allows participating holders to have their Series M Preferred Stock dividend distributions automatically reinvested in additional shares of the Series M Preferred Stock at a price of $25.00 per share.

The issuance activity of Series M Preferred Stock is summarized below (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Series M Preferred Stock shares issued [1]	—	531	1,402
Net proceeds [1]	$ —	$ 12,869	$ 34,009

[1] Exclusive of shares issued under the DRIP.

The Series M Preferred Stock does not meet the requirements for permanent equity classification prescribed by the authoritative guidance because of certain cash redemption features that are outside the Company's control. As such, the Series M Preferred Stock is classified outside of permanent equity.

At the date of issuance, the carrying amount of the Series M Preferred Stock was less than the redemption value. As a result of the Company's determination that redemption is probable, the carrying value will be adjusted to the redemption amount each reporting period.

The redemption value adjustment of Series M Preferred stock is summarized below (in thousands):

	December 31, 2024	December 31, 2023
Series M Preferred Stock	$ 36,916	$ 45,623
Cumulative adjustments to Series M Preferred Stock [1]	$ 1,794	$ 1,597

[1] Reflects the excess of the redemption value over the accumulated carrying value.

The following table summarizes dividends declared (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Series M Preferred Stock	$ 3,434	$ 3,888	$ 1,276

The redemption activities of Series M Preferred Stock is summarized below (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Series M Preferred Stock shares redeemed	362	137	5
Redemption amount, net of redemption fees	$ 9,047	$ 3,395	$ 134

16. Stock-Based Compensation

Under the 2013 Equity Incentive Plan, as amended, we are authorized to grant 8.2 million restricted stock or performance stock units of our common stock as incentive stock awards. At December 31, 2024, approximately 920,000 shares were available for future issuance under the 2013 Equity Incentive Plan.

Restricted Stock—We incur stock-based compensation expense in connection with restricted stock awarded to certain employees of Ashford LLC and its affiliates. We also issue common stock to certain of our independent directors, which vests immediately upon issuance.

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

Line Item	Year Ended December 31, 2024	2023	2022
Advisory services fee	$ 216	$ 1,162	$ 2,195
Management fees	2	11	26
Corporate general and administrative	14	101	126
Corporate general and administrative - independent directors	144	182	252
	$ 376	$ 1,456	$ 2,599

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

	Year Ended December 31,					
	2024		2023		2022	
	Number of Units	Weighted Average Price at Grant	Number of Units	Weighted Average Price at Grant	Number of Units	Weighted Average Price at Grant
Outstanding at beginning of year	167	$ 7.02	437	$ 6.46	957	$ 6.94
Restricted shares granted	50	2.82	45	4.07	45	5.63
Restricted shares vested	(216)	6.04	(312)	5.82	(543)	5.86
Restricted shares forfeited	(1)	7.02	(3)	6.90	(22)	6.77
Outstanding at end of year	—	$ —	167	$ 7.02	437	$ 6.46

The fair value of restricted stock vested during the years ended December 31, 2024, 2023 and 2022 was approximately $452,000, $1.3 million and $3.1 million, respectively.

Performance Stock Units—The compensation committee of the board of directors of the Company may authorize the issuance of grants of performance stock units ("PSUs") to certain executive officers and directors from time to time. The award agreements provide for the grant of a target number of PSUs that will be settled in shares of common stock of the Company, if, when and to the extent the applicable vesting criteria have been achieved following the end of the performance and service period, which is generally three years from the grant date. The compensation committee utilizes a performance metric, pursuant to which, the performance awards will be eligible to vest, from 0% to 200% of target, based on achievement of certain performance targets over the three-year performance period. The performance criteria are based on performance conditions under the relevant literature and were issued to non-employees. The corresponding compensation cost is recognized ratably over the service period for the award as the service is rendered, based on the corresponding measurement date fair value of the award, which may vary from period to period, as the number of performance grants earned may vary since the estimated probable achievement of certain performance targets may vary from period to period.

During the year ended December 31, 2024, PSUs granted in 2022, vested at 174% of target based on the performance conditions met over the performance period.

During the year ended December 31, 2023, PSUs granted in 2021, vested at 200% of target based on the performance conditions met over the performance period.

During the year ended December 31, 2022, 225,000 PSUs granted in 2020, were canceled due to the market condition criteria not being met. As a result there was a claw back of the previously declared dividends in the amount of $7,000.

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

Line Item	Year Ended December 31, 2024	2023	2022
Advisory services fee	$ 27	$ 2,108	2,876

At December 31, 2024, the unamortized cost of unvested PSUs was $168,000, which is expected to be recognized over a period of 1.0 year with a weighted average period of 1.0 year.

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

	Year Ended December 31,					
	2024		2023		2022	
	Number of Units	Weighted Average Price at Grant	Number of Units	Weighted Average Price at Grant	Number of Units	Weighted Average Price at Grant
Outstanding at beginning of year	424	$ 4.22	335	$ 5.84	671	$ 5.84
PSUs granted (at target)	—	—	383	4.07	41	5.63
PSUs vested (at target)	(41)	5.63	(294)	7.01	(152)	4.69
PSUs canceled	—	—	—	—	(225)	3.51
Outstanding at end of year (at target)	383	$ 4.07	424	$ 4.22	335	$ 5.84

17. Related Party Transactions

Ashford Inc.

Advisory Agreement

Ashford LLC, a subsidiary of Ashford Inc., acts as our advisor. Our chairman, Mr. Monty Bennett, also serves as chairman of the board of directors and chief executive officer of Ashford Inc. Under our advisory agreement, we pay advisory fees to Ashford LLC. We pay a monthly base fee equal to 1/12 of the sum of (i) 0.70% of the total market capitalization of our company for the prior month, plus (ii) the Net Asset Fee Adjustment (as defined in our advisory agreement), if any, on the last day of the prior month during which our advisory agreement was in effect; provided, however, in no event shall the base fee for any month be less than the minimum base fee as provided by our advisory agreement. The base fee is payable on the fifth business day of each month.

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

- 90% of the base fee paid for the same month in the prior year; and
- 1/12 of the G&A Ratio (as defined) multiplied by the total market capitalization of Braemar.

We are also required to pay Ashford LLC an incentive fee that is measured annually (or for a stub period if the advisory agreement is terminated at other than year-end). Each year that our annual total stockholder return exceeds the average annual total stockholder return for our peer group, we pay Ashford LLC an incentive fee over the following three years, subject to the Fixed Charge Coverage Ratio (“FCCR”) Condition, as defined in the advisory agreement, which relates to the ratio of adjusted EBITDA to fixed charges. We also reimburse Ashford LLC for certain reimbursable overhead and internal audit, risk management advisory and asset management services, as specified in the advisory agreement. We also recorded equity-based compensation expense for equity grants of common stock, PSUs and LTIP units awarded to officers and employees of Ashford LLC in connection with providing advisory services.

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

	Year Ended December 31,		
	2024	2023	2022
Advisory services fee			
Base advisory fee	$ 13,838	$ 13,982	$ 12,790
Reimbursable expenses [(1)]	11,620	8,353	4,653
Equity-based compensation [(2)]	2,294	8,754	10,601
Incentive fee	2,735	—	803
Total	$ 30,487	$ 31,089	$ 28,847

(1) Reimbursable expenses include overhead, internal audit, risk management advisory, asset management services and deferred cash awards.

(2) Equity-based compensation is associated with equity grants of Braemar’s common stock, PSUs, LTIP units and Performance LTIP units awarded to officers and employees of Ashford LLC.

On September 27, 2022, an agreement was entered into by Ashford Inc., Ashford Trust and Braemar pursuant to which the Advisor is to implement the REITs' cash management strategies. This includes actively managing the REITs excess cash by primarily investing in short-term U.S. Treasury securities. The annual fee is equal to the lesser of (i) 20 bps of the average daily balance of the funds managed by the Advisor and (ii) the actual rate of return realized by the cash management strategies; provided that in no event will the cash management fee be less than zero. The fee is payable monthly in arrears.

On March 2, 2023, the Company entered into a Limited Waiver Under Advisory Agreement (the "2023 Limited Waiver") with Braemar OP, Braemar TRS and its Advisor. Pursuant to the 2023 Limited Waiver, the Company, Braemar OP, Braemar TRS and the Company's Advisor waived the operation of any provision in the advisory agreement that would otherwise limit our ability, in our discretion and at our cost and expense, to award during the first and second fiscal quarters of calendar year 2023, cash incentive compensation to employees and other representatives of the Advisor.

On March 11, 2024, we entered into a Limited Waiver Under Advisory Agreement with Ashford Inc. and Ashford LLC (the "Advisory Agreement Limited Waiver"). Pursuant to the Advisory Agreement Limited Waiver, the Company, the Operating Partnership, TRS and the Advisor waive the operation of any provision in our advisory agreement that would otherwise limit the ability of the Company in its discretion, at the Company's cost and expense, to award during calendar year 2024, cash incentive compensation to employees and other representatives of the Advisor.

Pursuant to the Company's hotel management agreements with each hotel management company, the Company bears the economic burden for casualty insurance coverage. Under the advisory agreement, Ashford Inc. secures casualty insurance policies to cover Ashford Trust, Braemar, Stirling OP, their hotel managers, as needed, and Ashford Inc. The total loss estimates included in such policies are based on the collective pool of risk exposures from each party. Ashford Inc. has managed the casualty insurance program and beginning in December 2023, Warwick Insurance Company ("Warwick"), a subsidiary of Ashford Inc., provides and manages the general liability, workers' compensation and business automobile insurance policies within the casualty insurance program. Each year Ashford Inc. collects funds from Ashford Trust, Braemar, Stirling OP and their respective hotel management companies, to fund the casualty insurance program as needed, on an allocated basis.

Lismore

We engage Lismore or its subsidiaries to provide debt placement services and assist with loan modifications or refinancings on our behalf and brokerage services.

For the year ended December 31, 2024, 2023 and 2022, we incurred fees from Lismore or its subsidiaries of \$2.8 million, \$2.4 million and \$1.4 million, respectively.

Ashford Securities

On December 31, 2020, an Amended and Restated Contribution Agreement (the "Amended and Restated Contribution Agreement") was entered into by Ashford Inc., Ashford Trust and Braemar (collectively, the "Parties" and each individually, a "Party") with respect to funding certain expenses of Ashford Securities LLC, a subsidiary of Ashford Inc. ("Ashford Securities"). Beginning on the effective date of the Amended and Restated Contribution Agreement, costs were allocated based upon an allocation percentage of 50% to Ashford Inc., 50% to Braemar and 0% to Ashford Trust. Upon reaching the earlier of \$400 million in aggregate capital raised, or June 10, 2023, there was to be a true-up (the "Amended and Restated True-Up Date") among Ashford Inc., Ashford Trust and Braemar whereby the actual amount contributed by each company was based on the actual amount of capital raised by Ashford Inc., Ashford Trust and Braemar, respectively, through Ashford Securities (the resulting ratio of contributions among the Parties, the "Initial True-up Ratio"). On January 27, 2022, Ashford Trust, Braemar and Ashford Inc. entered into a Second Amended and Restated Contribution Agreement which provided for an additional \$18 million in expenses to be reimbursed, with all expenses allocated 45% to Ashford Trust, 45% to Braemar and 10% to Ashford Inc.

On February 1, 2023, Braemar entered into a Third Amended and Restated Contribution Agreement, which provided that after the Amended and Restated True-Up Date, capital contributions for the remainder of fiscal year 2023 would be divided between each Party based on the Initial True-Up Ratio, there would be a true up reflecting amounts raised by Ashford Securities since June 10, 2019, and thereafter, the capital contributions would be divided among each Party in accordance with the cumulative ratio of capital raised by the Parties.

Effective January 1, 2024, Braemar entered into a Fourth Amended and Restated Contribution Agreement with Ashford Inc. and Ashford Trust, which states that, notwithstanding anything in the prior contribution agreements: (1) the Parties equally split responsibility for all aggregate contributions made by them to Ashford Securities through September 30, 2021; and (2) thereafter, their contributions for each quarter will be based on the ratio of the amounts raised by each Party through Ashford Securities in the prior quarter compared to the total aggregate amount raised by the Parties through Ashford Securities for the prior quarter. To the extent contributions made by any of the Parties through December 31, 2023 differed from the amounts owed pursuant to the foregoing, the Parties shall make true up payments to each other to settle the difference. During the first quarter of 2024, the funding requirement was revised based on the aggregate capital raised through Ashford Securities. This resulted in Braemar receiving a payment of approximately $5.9 million from Ashford Inc., which resulted in net credit to expense of approximately $4.5 million that is included in “corporate general and administrative” on the consolidated statements of operations for the year ended December 31, 2024.

As of December 31, 2023, Braemar had funded approximately $20.9 million and had a pre-funded balance of approximately $693,000 included in “other assets” and a receivable of approximately $3.5 million included in “due to Ashford Inc., net” on the consolidated balance sheet. During the first quarter of 2024, there was also a true-up of the capital contributions in accordance with the Third Amended and Restated Contribution Agreement made through December 31, 2023, which resulted in a payment of $3.5 million from Ashford Inc.

As of December 31, 2024, Braemar has funded approximately $12.9 million and has a pre-funded balance of $797,000 that is included in “other assets” on the consolidated balance sheet.

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

	Year Ended December 31,		
Line Item	**2024**	**2023**	**2022**
Corporate, general and administrative	$ (4,547)	$ 4,330	$ 9,461

Design and Construction Services

Premier Project Management LLC (“Premier”), a subsidiary of Ashford Inc., provides design and construction services to our hotels, including construction management, interior design, architectural services, and the purchasing, freight management and supervision of installation of FF&E and related services. Pursuant to the design and construction services agreement, we pay Premier: (a) design and construction fees of up to 4% of project costs; and (b) for the following services: (i) architectural (6.5% of total construction costs); (ii) construction management for projects without a general contractor (10% of total construction costs); (iii) interior design (6% of the purchase price of the FF&E designed or selected by Premier); and (iv) FF&E purchasing (8% of the purchase price of FF&E purchased by Premier; provided that if the purchase price exceeds $2.0 million for a single hotel in a calendar year, then the purchasing fee is reduced to 6% of the FF&E purchase price in excess of $2.0 million for such hotel in such calendar year). Such fees are payable monthly as the service is delivered based on percentage complete, as reasonably determined by Premier for each service, or payable as set forth in other agreements.

Hotel Management Services

At December 31, 2024, Remington Hospitality managed four of our 15 hotel properties.

We pay monthly hotel management fees equal to the greater of approximately $17,000 per hotel (increased annually based on consumer price index adjustments) or 3% of gross revenues, as well as annual incentive management fees, if certain operational criteria were met, and other general and administrative expense reimbursements primarily related to accounting services. Our hotel management agreement also requires that we fund property-level operating costs including the hotel manager's payroll and related costs.

Summary of Transactions

In accordance with our advisory agreement, our Advisor, or entities in which our Advisor has an interest, has a right to provide products or services to our hotel properties, provided such transactions are evaluated and approved by our independent directors. The following tables summarize the entities in which our Advisor has an interest with which we or our hotel properties contracted for products and services, the amounts recorded by us for those services and the applicable classification on our consolidated financial statements (in thousands):

		Year Ended December 31, 2024											
Company	Product or Service	Total	Investments in Hotel Properties, net (1)	Indebtedness, net (2)	Other Assets	Other Hotel Revenue	Other Hotel Expenses	Management fees	Property Taxes, Insurance and Other	Advisory Services Fee	Interest Income	Corporate General and Administrative	Write-off of Premiums, Loan Costs and Exit Fees
Ashford LLC	Insurance claims services	$ 2	$ —	$ —		$ —	$ —	$ —	$ 2	$ —	$ —	$ —	$ —
Ashford Securities	Broker/Dealer	(4,473)	—	—	—	—	—	—	—	—	—	(4,473)	—
INSPIRE	Audio visual services	4,525	—	—	—	4,415	—	—	—	—	—	110	—
Lismore Capital	Debt placement and related services	2,799	—	1,112	75	—	—	—	—	—	—	—	1,612
OpenKey	Mobile key app	36	—	—	—	—	36	—	—	—	—	—	—
Premier	Design and construction services	15,886	14,133	—	—	—	363	—	—	1,390	—	—	—
Pure Wellness	Hypoallergenic premium rooms	146	—	—	—	—	146	—	—	—	—	—	—
RED Leisure	Watersports activities and travel/transportation services	1,119	—	—	—	336	713	—	—	—	—	70	—
Warwick	Insurance	1,291	—	—	—	—	50	—	1,241	—	—	—	—
Ashford LLC	Cash management services	(91)	—	—	—	—	—	—	—	—	(91)	—	—
Remington Hospitality	Hotel management services (5)	4,089	—	—	—	—	1,612	2,477	—	—	—	—	—

		Year Ended December 31, 2023											
Company	Product or Service	Total	Investments in Hotel Properties, net (1)	Indebtedness, net (2)	Other Assets (3)	Preferred Stock (4)	Other Hotel Revenue	Other Hotel Expenses	Management fees	Property Taxes, Insurance and Other	Advisory Services Fee	Corporate General and Administrative	Write-off of Premiums, Loan Costs and Exit Fees
Ashford LLC	Insurance claims services	$ 3	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 3	$ —	$ —	$ —
Ashford Securities	Broker/Dealer	6,385	—	—	—	1,972	—	—	—	—	—	4,413	—
INSPIRE	Audio visual services	4,165	—	—	—	—	4,268	—	—	—	—	103	—
Lismore Capital	Debt placement and related services	2,426	—	987	150	—	—	—	—	—	—	—	1,289
OpenKey	Mobile key app	41	—	—	—	—	—	41	—	—	—	—	—
Premier	Design and construction services	12,652	11,618	—	—	—	—	—	—	—	1,034	—	—
Pure Wellness	Hypoallergenic premium rooms	149	—	—	—	—	—	149	—	—	—	—	—
RED Leisure	Watersports activities and travel/transportation services	427	—	—	—	—	308	692	—	—	—	43	—
Remington Hospitality	Hotel management services (5)	3,913	—	—	—	—	—	1,394	2,519	—	—	—	—

		Year Ended December 31, 2022									
Company	Product or Service	Total	Investments in Hotel Properties, net (1)	Indebtedness, net (2)	Other Hotel Revenue	Other Hotel Expenses	Management fees	Preferred Stock (4)	Property Taxes, Insurance and Other	Advisory Services Fee	Corporate General and Administrative
Ashford LLC	Insurance claims services	$ 3	$ —	$ —	$ —	$ —	$ —	$ —	$ 3	$ —	$ —
Ashford Securities	Broker/Dealer	9,735	—	—	—	—	—	274	—	—	9,461
Ashford Securities	Dealer Manager Fees	5,766	—	—	—	—	—	5,766	—	—	—
INSPIRE	Audio visual services	3,800	—	—	3,800	—	—	—	—	—	—
Lismore Capital	Debt placement and related services	750	—	750	—	—	—	—	—	—	—
Lismore Capital	Broker Services	637	—	637	—	—	—	—	—	—	—
OpenKey	Mobile key app	39	—	—	—	39	—	—	—	—	—
Premier	Design and construction services	9,875	9,262	—	—	—	—	—	—	613	—
Pure Wellness	Hypoallergenic premium rooms	150	—	—	—	150	—	—	—	—	—
RED Leisure	Watersports activities and travel/transportation services	525	—	—	236	761	—	—	—	—	—
Remington Hospitality	Hotel management services (5)	4,288	—	—	—	1,416	2,872	—	—	—	—

(1) Recorded in FF&E and depreciated over the estimated useful life.

(2) Recorded as deferred loan costs, which are included in "indebtedness, net" on our consolidated balance sheets and amortized over the initial term of the applicable loan agreement.

(3) Represents nonrefundable work fees.

(4) Recorded as a reduction of Series E and Series M Redeemable Preferred Stock proceeds.

(5) Other hotel expenses include incentive hotel management fees and other hotel management costs.

The following table summarizes the components of due to Ashford Inc. (in thousands):

Company	Product or Service	Due to (from) Ashford Inc. December 31, 2024	Due to (from) Ashford Inc. December 31, 2023
Ashford LLC	Advisory services	$ 1,536	$ 1,004
Ashford LLC	Casualty Insurance	1,044	608
Ashford LLC	Insurance claims services	—	1
INSPIRE	Audio visual services	501	483
OpenKey	Mobile key app	—	5
Ashford Securities	Contribution Agreement	—	(3,522)
Ashford Securities	Capital raise services	10	19
Premier	Design and construction services	968	2,674
RED Leisure	Watersports activities and travel/transportation services	208	199
		$ 4,267	$ 1,471

As of December 31, 2024, due to related parties, net included a net payable to Remington Hospitality of $1.1 million. As of December 31, 2023, due from related parties, net included a net payable to Remington Hospitality of $603,000. These amounts are primarily related to advances made by Braemar, accrued base and incentive management fees and casualty insurance premiums.

18. Commitments and Contingencies

Restricted Cash—Under certain management and debt agreements for our hotel properties existing at December 31, 2024, escrow payments are required for insurance, real estate taxes and debt service. In addition, for certain properties based on the terms of the underlying debt and management agreements, we escrow 3% to 5% of gross revenues for capital improvements.

Franchise Fees—We currently have one hotel property that operates under a franchise agreement with a 25-year term. The term begins upon the completion of conversion of the Cameo Beverly Hills. Under the terms of the agreement, we will pay (i) 3% of gross rooms revenue for the preceding calendar month during the first three years of the agreement; (ii) 4% of gross rooms revenue for the preceding calendar month during year four; and (iii) 5% of the gross rooms revenue for the preceding calendar month for the remainder of the term. As of December 31, 2024, we are currently paying 3% of gross revenues.

The table below summarizes the franchise fees incurred (in thousands):

Line Item	Year Ended December 31, 2024	2023	2022
Other hotel expenses	$ 340	$ —	$ —

Management Fees—Under hotel management agreements for our hotel properties existing at December 31, 2024, we pay a monthly hotel management fee equal to the greater of approximately $17,000 per hotel (increased annually based on consumer price index adjustments) or 3% of gross revenues, or in some cases, 3.0% to 5.0% of gross revenues, as well as annual incentive management fees, if applicable. These management agreements expire from November 2029 through December 2065, with renewal options. If we terminate a management agreement prior to its expiration, we may be liable for estimated management fees through the remaining term, liquidated damages or, in certain circumstances, we may substitute a new management agreement. Our hotel management agreements also require that we fund property-level operating costs including the hotel manager's payroll and related costs.

Income Taxes—We and our subsidiaries file income tax returns in the federal jurisdiction and various states. Tax years 2020 through 2024 remain subject to potential examination by certain federal and state taxing authorities.

Litigation—On December 20, 2016, a class action lawsuit was filed against one of the Company’s hotel management companies in the Superior Court of the State of California in and for the County of Contra Costa alleging violations of certain California employment laws, which class action affects two hotels owned by subsidiaries of the Company. The court has entered an order granting class certification with respect to: (i) a statewide class of non-exempt employees of our manager who were allegedly deprived of rest breaks as a result of our manager’s previous written policy requiring its employees to stay on premises during rest breaks; and (ii) a derivative class of non-exempt former employees of our manager who were not paid for allegedly missed breaks upon separation from employment. Notices to potential class members were sent out on February 2, 2021. Potential class members had until April 4, 2021 to opt-out of the class; however, the total number of employees in the class has not been definitively determined and is the subject of continuing discovery. The opt-out period has been extended until such time that discovery has concluded. In May 2023, the trial court requested additional briefing from the parties to determine whether the case should be maintained, dismissed, or the class de-certified. After submission of the briefs, the court requested that the parties submit stipulations for the court to rule upon. On February 13, 2024, the judge ordered the parties to submit additional briefing related to on-site breaks. A tentative settlement has been reached subject to the respective parties obtaining various approvals. As of December 31, 2024, the estimated settlement liability amount has been accrued.

On June 8, 2022, a lawsuit was filed against various Hilton entities on behalf of a class of all hourly employees at all Hilton-branded managed properties in California, including Hilton La Jolla Torrey Pines. The complaint includes claims for unpaid wages, meal and rest break violations, and unreimbursed business expenses, along with various derivative claims including wage statement, final pay, and Private Attorneys General Act ("PAGA") claims. On November 30, 2023, Hilton mediated this litigation, but it did not result in a settlement. At the end of the mediation, the mediator submitted a mediator's proposal for approximately $3.5 million, to which the parties have since agreed to. The allocation to Hilton La Jolla Torrey Pines is approximately $401,000, which was accrued as of December 31, 2024.

On August 4, 2020, a lawsuit, Benjamin Zermeno v. Beverly Hills Marriott, was filed in Alameda County Superior Court as a PAGA representative action alleging various wage and hour violations of all Remington Hospitality managed California properties. The plaintiff's individual claims were compelled to arbitration. On August 18, 2022, another lawsuit, Cristina Catalano v. Beverly Hills Marriott and Mr. C, was filed as a PAGA representative action alleging various wage and hour violations of all Remington Hospitality managed California properties. The co-defendant separately settled and the individual arbitration has also settled. A private mediation was held on December 27, 2024 to globally resolve the three outstanding matters. A tentative settlement was reached subject to the parties finalizing the agreement and court approval. As of December 31, 2024, the estimated settlement liability amount has been accrued.

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

During the quarter ended September 30, 2023, we had a cyber incident that resulted in the potential exposure of certain personal information. We have completed an investigation and have identified certain information that may have been exposed and notified potentially impacted individuals pursuant to applicable state guidelines. All systems have been restored. In February of 2024, two class action lawsuits were filed, one in the U.S. District Court for the Northern District of Texas and a second in the 68th District Court for Dallas County related to the cyber incident. The lawsuit filed in the 68th District Court was subsequently dismissed and refiled in the U.S. District Court for the Northern District of Texas. On March 12, 2024, the court ordered the two cases be consolidated. The consolidated case is currently pending in the U.S. District Court for the Northern District of Texas. The parties have reached an agreement, subject to final Court approval, to resolve the class action suit. The amount of the class settlement is approximately $485,000. The hearing for final Court approval of the settlement is scheduled for August 27, 2025.

Our assessment may change depending upon the development of any current or future legal proceedings, and the final results of such legal proceedings cannot be predicted with certainty. If we ultimately do not prevail in one or more of these legal matters, and the associated realized losses exceed our current estimates of the range of potential losses, our consolidated financial position, results of operations, or cash flows could be materially adversely affected in future periods.

Leases—We lease land under one non-cancelable operating ground lease, which expires in 2065, related to our hotel property in Yountville, California. The lease in Yountville, California contains two 25-year extension options. The lease is subject to base rent plus contingent rent based on the hotel property's financial results and escalation clauses.

Capital Commitments—At December 31, 2024, we had capital commitments of $29.1 million, including commitments that will be satisfied with insurance proceeds, relating to general capital improvements that are expected to be paid in the next twelve months.

19. Leases

We have operating ground leases and operating equipment leases, such as copier and vehicle leases, at our hotel properties. Some leases include one or more options to renew, with renewal terms that can extend the lease term from one to 50 years. The exercise of lease renewal options is at our sole discretion. Some leases have variable payments, however, if variable payments are contingent, they are not included in the ROU assets and liabilities. We have no finance leases as of December 31, 2024.

The discount rate used to calculate the lease liability and ROU asset related to our ground leases is based on our incremental borrowing rate ("IBR"), as the rate implicit in each lease is not readily determinable. The IBR is determined at commencement of the lease, or upon modification of the lease, as the interest rate a lessee would have to pay to borrow on a fully collateralized basis over a similar term and at an amount equal to the lease payments in a similar economic environment.

As of December 31, 2024 and 2023, our leased assets and liabilities consisted of the following (in thousands):

	December 31, 2024	December 31, 2023
Assets		
Operating lease right-of-use assets	$ 34,852	$ 78,383
Liabilities		
Operating lease liabilities	$ 19,984	$ 60,379

We incurred the following lease costs related to our operating leases (in thousands):

		Year Ended December 31,		
	Classification	2024	2023	2022
Operating lease cost [(1)]	Hotel operating expenses - other	$ 4,505	$ 6,757	$ 6,653

[(1)] For the years ended December 31, 2024, 2023 and 2022, operating lease cost includes approximately $934,000, $2.3 million and $2.2 million, respectively, of variable lease cost associated with the ground leases. Additionally, we recorded $451,000, $474,000 and $474,000, respectively, of amortization costs related to the intangible assets that were reclassified to "operating lease right-of-use assets" upon adoption of ASC 842. Short-term lease costs in aggregate are immaterial.

Other information related to leases is as follows:

	Year Ended December 31,		
	2024	2023	2022
Supplemental Cash Flows Information			
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows used for operating leases (in thousands)	$ 3,288	$ 3,310	$ 3,307
Weighted Average Remaining Lease Term			
Operating leases [(1)]	41 years	43 years	44 years
Weighted Average Discount Rate			
Operating leases [(1)]	5.25 %	4.98 %	4.98 %

[(1)] Calculated using the lease term, excluding extension options, and discount rates of the ground leases.

Future minimum lease payments due under non-cancellable leases as of December 31, 2024 were as follows (in thousands):

	Operating Leases
2025	$ 1,216
2026	1,124
2027	1,132
2028	1,136
2029	1,129
Thereafter	52,152
Total future minimum lease payments [(1)]	57,889
Less: interest	(37,905)
Present value of operating lease liabilities	$ 19,984

[(1)] Based on payment amounts as of December 31, 2024.

20. Income Taxes

For U.S. federal income tax purposes, we elected to be taxed as a REIT under the Code. To qualify as a REIT, we must meet certain organizational and operational stipulations, including a requirement that we distribute at least 90% of our REIT taxable income, excluding net capital gains, to our stockholders. We currently intend to adhere to these requirements and maintain our REIT status. If we fail to qualify as a REIT in any taxable year, we will be subject to U.S. federal income taxes at regular corporate rates (including any applicable alternative minimum tax) and may not qualify as a REIT for four subsequent taxable years. Even if we qualify for taxation as a REIT, we may be subject to certain state and local taxes as well as to federal income and excise taxes on our undistributed taxable income.

At December 31, 2024, 14 of our hotel properties were leased to TRS lessees and The Ritz-Carlton St. Thomas was owned by our USVI TRS. The TRS entities recognized net book income (loss) before income taxes of $9.6 million, $17.9 million and $25.4 million for the years ended December 31, 2024, 2023 and 2022, respectively.

The following table reconciles the income tax expense of the TRS entities at applicable statutory rates to the actual income tax expense recorded (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Income tax (expense) benefit of the TRS entities at federal statutory income tax rate of 21%	$ (2,040)	$ (5,180)	$ (6,463)
State income tax (expense) benefit, net of U.S. federal income tax benefit	(81)	(258)	(1,961)
State and local income tax (expense) benefit on pass-through entity subsidiaries	(27)	(20)	(17)
Gross receipts and margin taxes	(88)	(52)	(69)
Benefit of USVI Economic Development Commission credit	1,559	1,511	3,358
Benefits of Puerto Rico tax incentives	950	2,064	1,474
Effect of permanent differences	(412)	(229)	—
Other	39	(46)	126
Valuation allowance	(742)	(479)	(491)
Total income tax (expense) benefit	$ (842)	$ (2,689)	$ (4,043)

The components of income tax expense are as follows (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Current:			
Federal	$ (387)	$ (467)	$ (3,745)
State	68	(69)	(247)
Foreign	(619)	(824)	—
Total current income tax (expense) benefit	(938)	(1,360)	(3,992)
Deferred:			
Federal	1	(14)	(51)
State	—	—	—
Foreign	95	(1,315)	—
Total deferred income tax (expense) benefit	96	(1,329)	(51)
Total income tax (expense) benefit	$ (842)	$ (2,689)	$ (4,043)

The following table presents the U.S. and foreign earnings (losses) from continuing operations before income taxes (in thousands):

	Year Ended December 31,		
	2024	2023	2022
U.S.	$ 6,549	$ (51,878)	$ (3,859)
Foreign	14,056	23,939	27,250
Total	$ 20,605	$ (27,939)	$ 23,391

For the years ended December 31, 2024, 2023 and 2022, income tax expense included interest and penalties paid to/(received from) taxing authorities of $4,000, $(11,000) and $1,000, respectively. At December 31, 2024 and 2023, we determined that there were no amounts to accrue for interest and penalties due to taxing authorities.

At December 31, 2024 and 2023, our deferred tax asset (liability) and related valuation allowance consisted of the following (in thousands):

	December 31,	
	2024	2023
Deferred tax assets:		
Tax intangibles basis greater than book basis	$ 722	$ 722
Allowance for doubtful accounts	99	50
Unearned income	3,068	2,768
Federal and state net operating losses	16,435	15,967
Capital loss carryforward	331	511
Accrued expenses	775	761
Other	12	7
Total deferred tax asset	21,442	20,786
Valuation allowance	(16,496)	(16,169)
Net deferred tax asset	$ 4,946	$ 4,617
Deferred tax liabilities:		
Other	$ (11)	$ (6)
Tax property basis greater/(less) than book basis	(6,160)	(5,932)
Total deferred tax liability	(6,171)	(5,938)
Net deferred tax asset (liability)	$ (1,225)	$ (1,321)

At December 31, 2024 and 2023, we have reserved certain deferred tax assets of our TRS entities and recorded a valuation allowance of $16.5 million and $16.2 million, respectively. Primarily as a result of the limitation imposed by the Code on the utilization of net operating losses of acquired subsidiaries, we believe it is more likely than not that a portion of our deferred tax assets will not be realized, and therefore, have provided a valuation allowance to reserve against the balances.

At December 31, 2024, we had TRS net operating loss carryforwards for U.S. federal income tax purposes of $65.3 million, of which $45.8 million is subject to expiration and will begin to expire in 2025. The remainder was generated after December 2017 and is not subject to expiration under the Tax Cuts and Jobs Act. $45.8 million of net operating loss carryforwards are attributable to acquired subsidiaries and are subject to substantial limitation on their use. At December 31, 2024, Braemar Hotels & Resorts Inc., our REIT, had net operating loss carryforwards for U.S. federal income tax purposes of $109.7 million based on the latest filed tax return. Of this amount, $2.2 million is subject to expiration in 2033. The remainder is not subject to expiration under the Tax Cuts and Jobs Act. We do not recognize deferred tax assets and a valuation allowance for the REIT since the REIT distributes its taxable income as dividends to stockholders, and in turn, the stockholders incur income taxes on those dividends.

The following table summarizes the changes in the valuation allowance (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Balance at beginning of year	$ 16,169	$ 18,627	$ 17,343
Additions	327	—	1,284
Deductions	—	(2,458)	—
Balance at end of year	$ 16,496	$ 16,169	$ 18,627

The USVI TRS operates under a tax holiday in the U.S. Virgin Islands, which is effective through December 31, 2028, and may be extended if certain additional requirements are satisfied. The tax holiday is conditional upon our meeting certain employment and investment thresholds. The impact of this tax holiday decreased current foreign taxes by $2.0 million, $2.7 million and $3.4 million for the years ended December 31, 2024, 2023 and 2022, respectively. The benefit of the tax holiday on net income (loss) per share was approximately, $0.03, $0.04 and $0.05 for the years ended December 31, 2024, 2023 and 2022, respectively.

In 2022, we acquired The Ritz-Carlton Reserve Dorado Beach in Dorado, Puerto Rico. Our taxable entities in Puerto Rico operate under a tax holiday which is effective through April 2, 2028. The tax holiday is conditional upon meeting certain employment and investment thresholds. The impact of this tax holiday decreased current foreign taxes by $1.7 million, $4.0 million and $2.5 million for the years ended December 31, 2024, 2023 and 2022, respectively. The benefit of this tax holiday on net income (loss) per share was approximately $0.02, $0.06 and $0.04 for the years ended December 31, 2024, 2023 and 2022, respectively.

21. Intangible Assets, net

Intangible assets, net consisted of the following (in thousands):

	December 31,	
	2024	2023
Cost	$ 5,682	$ 5,682
Accumulated amortization	(2,557)	(2,178)
	$ 3,125	$ 3,504

Intangible assets include the customer relationships associated with The Ritz-Carlton Sarasota acquisition on April 4, 2018. The customer relationships are being amortized over the 15 year expected life.

For the years ended December 31, 2024, 2023 and 2022, amortization expense related to intangible assets was $379,000, $379,000 and $378,000, respectively.

Estimated future amortization expense for intangible assets, net for each of the next five years and thereafter is as follows (in thousands):

	Intangible Assets, net
2025	$ 379
2026	379
2027	379
2028	379
2029	379
Thereafter	1,230
Total	$ 3,125

22. Concentration of Risk

Our investments are all concentrated within the hotel industry. All of our hotel properties are located within the U.S. and its territories. For the year ended December 31, 2024, The Ritz-Carlton St. Thomas, The Ritz-Carlton Sarasota and The Ritz-Carlton Reserve Dorado Beach generated revenues in excess of 10% of total hotel revenue amounting to approximately 33% of total hotel revenue.

Financial instruments that potentially subject us to significant concentrations of credit risk consist principally of cash and cash equivalents. We are exposed to credit risk with respect to cash held at various financial institutions that are in excess of the FDIC insurance limits of $250,000 and amounts due or payable under our derivative contracts. Our counterparties to our derivative contracts are investment grade financial institutions.

23. Segment Reporting

We operate in one reportable business segment within the hotel lodging industry: direct hotel investments. Direct hotel investments refers to owning hotel properties through either acquisition or new development. We report operating results of direct hotel investments on an aggregate basis as substantially all of our hotel investments; (i) offer similar products and services to their customers in the form of hotel rooms, food and beverage, and ancillary services; (ii) utilize third-party hotel management companies to deliver its products and services to its customers; (iii) are designed and operated to appeal to similar individuals, groups, leisure, and business customers; and (iv) third-party hotel managers utilize the same methods (direct hotel sales and various online booking portals) to distribute the Company’s products and services. As of December 31, 2024 and

December 31, 2023, all of our hotel properties were in the U.S. and its territories. The Company's chief operating decision maker ("CODM") is its President and Chief Executive Officer.

Each hotel property derives revenue primarily from guestroom sales, food and beverage sales, and revenues from other lodging services and amenities. The accounting policies of each operating segment are the same as those described in the summary of significant accounting policies in note 2.

The CODM reviews and makes decisions on all aspects of the Company's business using all available financial and non-financial data for each hotel individually. Capital allocation decisions to acquire, sell, enhance, redevelop, or perform renewal and replacement expenditures are determined on a hotel-by-hotel basis. Specifically, the CODM reviews the results of each hotel to assess the hotel's profitability. The key measure the CODM uses to allocate resources and assess performance is individual hotel net income (loss) before interest expense, income taxes, depreciation, and amortization, adjusted to exclude certain items determined by management to not be reflective of its ongoing operating performance or incurred in the normal course of business (Hotel Adjusted EBITDA). The adjustments include gains and losses on hotel dispositions, impairment charges, pre-opening costs associated with extensive renovation projects, property-level legal settlements, restructuring, severance, and management transition costs, and other expenses identified by management to be non-recurring.

The following tables include revenues, significant hotel operating expenses, and Hotel Adjusted EBITDA for the Company's hotels, reconciled to the consolidated amounts included in the Company's consolidated statements of operations (in thousands):

	Year Ended December 31,		
	2024	2023	2022
REVENUE			
Rooms	$ 452,361	$ 464,899	$ 431,515
Food and beverage	181,250	185,331	159,241
Other hotel revenue	94,793	89,112	78,829
Total hotel revenue	$ 728,404	$ 739,342	$ 669,585
EXPENSES			
Rooms	$ 106,465	$ 105,439	$ 94,410
Food and beverage	145,901	144,544	125,555
Direct expenses	32,824	31,887	28,842
Indirect expenses:			
Property, general and administration	62,214	59,714	53,412
Sales and marketing	49,331	48,998	40,078
Information and telecommunications systems	8,331	8,159	6,521
Repairs and maintenance	30,732	29,587	25,509
Energy	23,696	24,603	22,205
Lease expense	4,052	6,283	6,190
Ownership expenses	3,765	3,912	3,575
Incentive management fee	8,037	9,935	12,466
Management fees	22,837	22,839	19,950
Property taxes	23,745	21,343	19,236
Other taxes	1,571	1,171	677
Insurance	16,766	14,489	10,454
	540,267	532,903	469,080
Hotel adjusted EBITDA	$ 188,137	$ 206,439	$ 200,505

Reconciliation of hotel operating income (loss) to net income (loss)

	Year Ended December 31,		
	2024	2023	2022
Hotel adjusted EBITDA	$ 188,137	$ 206,439	$ 200,505
Ownership expenses included in other hotel expenses	(2,882)	(4,834)	(6,575)
Ownership expenses included in property taxes, insurance and other	(426)	(1,626)	(399)
Management fees	(663)	(422)	(199)
Depreciation and amortization	(98,733)	(93,272)	(78,122)
Advisory services fee	(30,487)	(31,089)	(28,847)
Gain (loss) on legal settlements	—	—	114
Corporate, general and administrative	(14,361)	(13,523)	(18,084)
Gain (loss) on disposition of assets and hotel properties	88,165	—	—
Equity in earnings (loss) of unconsolidated entities	(1,608)	(253)	(328)
Interest income	7,135	6,401	2,677
Other income (expense)	—	293	—
Interest expense and amortization of discounts and loan costs	(108,124)	(94,219)	(52,166)
Write-off of loan costs and exit fees	(6,111)	(3,489)	(146)
Gain (loss) on extinguishment of debt	(22)	2,318	—
Realized and unrealized gain (loss) on derivatives	585	(663)	4,961
Income tax (expense) benefit	(842)	(2,689)	(4,043)
Net income (loss)	$ 19,763	$ (30,628)	$ 19,348

The CODM does not receive asset information by segment.

24. Subsequent Events

On March 7, 2025, the Company refinanced its $293.2 million mortgage loan secured by The Clancy, The Notary Hotel, Marriott Seattle Waterfront, and Sofitel Chicago Magnificent Mile, which had an interest rate of SOFR + 2.66% and a final maturity date in June of 2025 and its $62.0 million mortgage loan secured by The Ritz-Carlton Reserve Dorado Beach, which had an interest rate of SOFR + 4.75% and a final maturity date in March of 2026. The new $363.0 million mortgage loan bears interest at a floating interest rate of SOFR + 2.52% and has a two-year initial term with three one-year extension options, subject to the satisfaction of certain conditions. The mortgage loan is secured by five hotels: The Clancy, The Notary Hotel, Marriott Seattle Waterfront, Sofitel Chicago Magnificent Mile, and The Ritz-Carlton Reserve Dorado Beach.

On March 10, 2025, we entered into a Limited Waiver Under Advisory Agreement with Ashford Inc. and Ashford LLC (the “2025 Advisory Agreement Limited Waiver”). Pursuant to the 2025 Advisory Agreement Limited Waiver, the Company, the Operating Partnership, TRS and the Advisor waive the operation of any provision in our advisory agreement that would otherwise limit the ability of the Company in its discretion, at the Company’s cost and expense, to award during the first and second fiscal quarters of calendar year 2025, cash incentive compensation to employees and other representatives of the Advisor.

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None.

Item 9A. ***Controls and Procedures***

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, our management has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2024. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2024, our disclosure controls and procedures were effective to ensure that information required to be disclosed in reports that we file or submit under the Exchange Act (i) is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms; and (ii) is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures.

Management's Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting and for the assessment of the effectiveness of our internal control over financial reporting. The internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and our expenditures are being made only in accordance with authorizations of management and our directors and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2024. In making the assessment of the effectiveness of our internal control over financial reporting, management has utilized the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, (2013 framework) ("COSO").

Based on management's assessment of these criteria, we concluded that, as of December 31, 2024, our internal control over financial reporting is effective. The effectiveness of our internal control over financial reporting as of December 31, 2024 has been audited by BDO USA, P.C., an independent registered public accounting firm, as stated in their report which appears in this Annual Report on Form 10-K.

Changes in Internal Control over Financial Reporting

Our management has evaluated, with the participation of our principal executive and principal financial officers, whether any changes in our internal controls over financial reporting that occurred during our most recent fiscal quarter ended December 31, 2024 have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting. Based on the evaluation we conducted, other than remediation of the material weakness identified and discussed above, our management has concluded that no such changes have occurred.

Report of Independent Registered Public Accounting Firm

Stockholders and Board of Directors
Braemar Hotels & Resorts Inc.
Dallas, Texas

Opinion on Internal Control over Financial Reporting

We have audited Braemar Hotels & Resorts Inc.'s (the "Company's") internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria"). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2024 and 2023, the related consolidated statements of operations, comprehensive income (loss), equity, and cash flows for each of the three years in the period ended December 31, 2024, and the related notes and schedule and our report dated March 12, 2025 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Item 9A, Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of internal control over financial reporting in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ BDO USA, P.C.

Dallas, Texas

March 12, 2025

Item 9B. ***Other Information***

During the three months ended December 31, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading agreement" or "non-Rule 10b5-1 trading agreement," as each term is defined in Item 408(a) of Regulation S-K.

Entry into a Material Definitive Agreement.

Limited Waiver Under Advisory Agreement

On March 10, 2025, we entered into a Limited Waiver Under Advisory Agreement with Ashford Inc. and Ashford LLC (the "2025 Advisory Agreement Limited Waiver"). Pursuant to the 2025 Advisory Agreement Limited Waiver, the Company, the Operating Partnership, TRS and the Advisor waive the operation of any provision in our advisory agreement that would otherwise limit the ability of the Company in its discretion, at the Company's cost and expense, to award during the first and second fiscal quarters of calendar year 2025, cash incentive compensation to employees and other representatives of the Advisor.

The foregoing description of the 2025 Advisory Agreement Limited Waiver contained in this Item 9B does not purport to be complete and is subject to and qualified in its entirety by the full text of the agreements, of which a copy is attached hereto as Exhibit 10.46 and is incorporated herein by reference.

Item 9C. ***Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.***

Not applicable.

PART III

Item 10. ***Directors, Executive Officers and Corporate Governance***

The information required in response to this Item 10 is incorporated herein by reference to our definitive proxy statement to be filed with the SEC pursuant to Regulation 14A promulgated under the Exchange Act not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

Item 11. ***Executive Compensation***

The information required in response to this Item 11 is incorporated herein by reference to our definitive proxy statement to be filed with the SEC pursuant to Regulation 14A promulgated under the Exchange Act not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

The information required in response to this Item 12 is incorporated herein by reference to our definitive proxy statement to be filed with the SEC pursuant to Regulation 14A promulgated under the Exchange Act not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

Item 13. ***Certain Relationships and Related Transactions, and Director Independence***

The information required in response to this Item 13 is incorporated herein by reference to our definitive proxy statement to be filed with the SEC pursuant to Regulation 14A promulgated under the Exchange Act not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

Item 14. ***Principal Accountant Fees and Services***

The information required in response to this Item 14 is incorporated herein by reference to our definitive proxy statement to be filed with the SEC pursuant to Regulation 14A promulgated under the Exchange Act not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

PART IV

Item 15. ***Exhibits, Financial Statement Schedules***

(a), (c) Financial Statement Schedules

See “Item 8. Financial Statements and Supplementary Data,” on pages 105 through 152 hereof, for a list of our consolidated financial statements and report of independent registered public accounting firm.

The following financial statement schedule is included herein on page 163 through page 164 hereof.

Schedule III – Real Estate and Accumulated Depreciation

All other financial statement schedules have been omitted because such schedules are not required under the related instructions, such schedules are not significant, or the required information has been disclosed elsewhere in the consolidated financial statements and related notes thereto.

(b) Exhibits

Exhibit Number	Exhibit Description
2.1	Separation and Distribution Agreement between Ashford Hospitality Prime, Inc., Ashford Hospitality Trust, Inc. and the other parties thereto (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed on November 12, 2013) (File No. 001-35972)
2.2	Separation and Distribution Agreement Correction between Ashford Hospitality Prime, Inc., Ashford Hospitality Trust, Inc. and the other parties thereto (incorporated by reference to Exhibit 2.2 of the Registration Statement on Form S-11 filed on December 19, 2013) (File No. 001-35972)
2.3	Agreement of Purchase and Sale, dated as of May 20, 2016, by and between Washington Real Estate Holdings, LLC and Ashford Seattle Downtown LP (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed on July 7, 2016) (File No. 001-35972)
3.1	Articles of Amendment and Restatement of Ashford Hospitality Prime, Inc. (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on April 29, 2016) (File No. 001-35972)
3.1.1	Amendment Number One to the Articles of Amendment and Restatement of Ashford Hospitality Prime, Inc. (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on December 8, 2017) (File No. 001-35972)
3.1.2	Amendment Number Two to Articles of Amendment and Restatement of Braemar Hotels & Resorts Inc. (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on April 23, 2018) (File No. 001-35972)
3.1.3	Articles of Amendment of Braemar Hotels & Resorts Inc., accepted for record and certified by the SDAT on January 23, 2020 (incorporated by reference to Exhibit 3.13 to Amendment No. 1 to the Registration Statement on Form S-3 (File No. 333-234663) filed with the SEC on January 24, 2020)
3.2	Fifth Amended and Restated Bylaws, as amended by Amendment No. 1 on February 27, 2024, adopted on February 27, 2024 (incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K filed on March 1, 2024) (File No. 001-35972)
3.3	Articles of Amendment of Ashford Hospitality Prime, Inc. (incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K filed on April 29, 2016) (File No. 001-35972)
3.4	Articles Supplementary of Ashford Hospitality Prime, Inc. (incorporated by reference to Exhibit 3.3 to the Current Report on Form 8-K filed on April 29, 2016) (File No. 001-35972)
3.5	Articles Supplementary for 5.50% Series A Cumulative Convertible Preferred Stock of Ashford Hospitality Prime, Inc., as amended by a Certificate of Correction (incorporated by reference to Exhibit 3.4 to the Current Report on Form 8-K filed on April 29, 2016) (File No. 001-35972)
3.6	Articles Supplementary for 5.50% Series B Cumulative Convertible Preferred Stock of Ashford Hospitality Prime, Inc., accepted for record and certified by the Maryland State Department of Assessments and Taxation on December 4, 2015 (incorporated by reference to Exhibit 3.5 to the Current Report on Form 8-K filed on April 29, 2016) (File No. 001-35972)
3.6.1	Articles Supplementary Establishing Additional Shares of the Series B Preferred Stock of Ashford Hospitality Prime, Inc., as filed with the State Department of Assessments and Taxation of Maryland on March 3, 2017 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on March 7, 2017) (File No. 001-35972)
3.6.2	Articles Supplementary Establishing Additional Shares of Series B Preferred Stock of Braemar Hotels & Resorts Inc., accepted for record and certified by the Maryland State Department of Assessments and Taxation on December 4, 2019 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on December 4, 2019) (File No. 001-35972)
3.7	Articles Supplementary for the Series C Preferred Stock of Ashford Hospitality Prime, Inc., as filed with the State Department of Assessments and Taxation of Maryland on February 1, 2016 (incorporated by reference to Exhibit 3.6 to the Current Report on Form 8-K filed on April 29, 2016) (File No. 001-35972)
3.8	Articles Supplementary for the Series D Cumulative Preferred Stock, accepted for record and certified by the Maryland State Department of Assessments and Taxation on November 19, 2018 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on November 19, 2018) (File No. 001-35972)
3.9	Articles Supplementary Establishing the Series E Redeemable Preferred Stock of Braemar Hotels & Resorts Inc., accepted for record and certified by the SDAT on April 2, 2021 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on April 2, 2021) (File No. 001-35972)

Exhibit Number	Exhibit Description
3.10	Certificate of Correction of Series E Articles Supplementary of Braemar Hotels & Resorts Inc., accepted for record and certified by the SDAT on November 4, 2021 (incorporated by reference to Exhibit 3.1 to the Quarterly Report on Form 10-Q filed on November 5, 2021) (File No. 001-35972)
3.11	Articles Supplementary Establishing the Series M Redeemable Preferred Stock of Braemar Hotels & Resorts Inc., accepted for record and certified by the SDAT on April 2, 2021 (incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K filed on April 2, 2021) (File No. 001-35972)
3.12	Certificate of Correction of Series M Articles Supplementary of Braemar Hotels & Resorts Inc., accepted for record and certified by the SDAT on November 4, 2021 (incorporated by reference to Exhibit 3.1 to the Quarterly Report on Form 10-Q filed on November 5, 2021) (File No. 001-35972)
4.1	Specimen Common Stock Certificate of Ashford Hospitality Prime, Inc. (incorporated by reference to Exhibit 4.1 to Amendment No. 4 to the Registration Statement on Form 10 filed on October 23, 2013) (File No. 001-35972)
4.2	Preemptive Rights Agreement, dated as of June 9, 2015, by and among Ashford Hospitality Prime, Inc. and certain investors in the Series A Preferred Stock (incorporated by reference to Exhibit 4.3 to the Current Report on Form 8-K filed on June 15, 2015) (File No. 001-35972)
4.3	Registration Rights Agreement, dated December 4, 2015, by and among the Company, the Operating Partnership, the Advisor and certain holders of the Series B Preferred Stock (Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K filed on December 10, 2015) (File No. 001-35972)
4.4	Preemptive Rights Agreement, dated as of December 4, 2015, by and among the Company and the Series B Investors (incorporated by reference to Exhibit 4.3 to the Current Report on Form 8-K filed on December 10, 2015) (File No. 001-35972)
4.5	Indenture, dated as of May 18, 2021, by and among the Company, as issuer, and the Trustee, as trustee, including the Form of Note representing the Company's 4.50% Convertible Senior Notes due 2026. (incorporated by reference to Exhibit 1.1 to the Current Report on Form 8-K filed on May 18, 2021) (File No. 001-35972)
4.6*	Description of Securities
10.1	Third Amended and Restated Agreement of Limited Partnership of Ashford Hospitality Prime Limited Partnership, dated March 7, 2017 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on March 7, 2017) (File No. 001-35972)
10.1.1	Amendment No. 2 to the Third Amended and Restated Agreement of Limited Partnership of Braemar Hotels & Resorts Limited Partnership, dated November 20, 2018 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on November 20, 2018) (File No. 001-35972)
10.1.2	Amendment No. 3 to the Third Amended and Restated Agreement of Limited Partnership of Braemar Hospitality Limited Partnership (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on December 4, 2019) (File No. 001-35972)
10.1.3	Amendment No. 4 to the Third Amended and Restated Agreement of Limited Partnership of Braemar Hospitality Limited Partnership (incorporated by reference to Exhibit 10.1 of Form 8-K filed on January 24, 2020)
10.1.4	Amendment No. 5 to the Third Amended and Restated Agreement of Limited Partnership of Braemar Hospitality Limited Partnership. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on April 2, 2021) (File No. 001-35972)
10.1.5	Amendment No. 6 to the Third Amended and Restated Agreement of Limited Partnership of Braemar Hospitality Limited Partnership. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on May 18, 2021) (File No. 001-35972)
10.2	Fifth Amended and Restated Advisory Agreement, dated as of April 23, 2018, among Braemar Hotels & Resorts Inc., Braemar Hospitality Limited Partnership, Braemar TRS Corporation, Ashford Hospitality Advisors LLC and Ashford Inc. (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K filed on April 23, 2018) (File No. 001-35972)
10.2.1	Enhanced Return Funding Program Agreement and Amendment No. 1 to the Fifth Amended and Restated Advisory Agreement, dated January 15, 2019, by and among Braemar Hotels & Resorts Inc., Braemar Hospitality Limited Partnership, Braemar TRS Corporation, Ashford Inc. and Ashford Hospitality Advisors LLC (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K filed on January 18, 2019) (File No. 001-35972)
10.2.2	Amendment No. 2 to the Fifth Amended and Restated Advisory Agreement, dated as of August 16, 2021, by and among Braemar Hotels & Resorts Inc., Braemar Hospitality Limited Partnership, Braemar TRS Corporation, Ashford Inc. and Ashford Hospitality Advisors LLC (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K filed on August 17, 2021) (File No. 001-35972)
10.3	Right of First Offer Agreement between Ashford Hospitality Trust, Inc. and Ashford Hospitality Prime, Inc., dated November 19, 2013 (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed on November 25, 2013) (File No. 001-35972)
10.4	Amended and Restated Ashford Hospitality Prime, Inc. 2013 Equity Incentive Plan, dated November 5, 2013 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on November 12, 2013) (File No. 001-35972)
10.5†	Ashford Hospitality Prime, Inc. Advisor Equity Incentive Plan (incorporated by reference to Exhibit 10.5 of the Registration Statement on Form S-11 filed on December 19, 2013) (File No. 001-35972)
10.6	Option Agreement Pier House Resort & Spa by and between Ashford Hospitality Prime Limited Partnership and Ashford Hospitality Limited Partnership with respect to the Properties Entities, and Ashford TRS Corporation and Ashford Prime TRS Corporation with respect to the TRS Entity, dated November 19, 2013 (incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K filed on November 25, 2013) (File No. 001-35972)

Exhibit Number	Exhibit Description
10.7	Amended and Restated Braemar Mutual Exclusivity Agreement, dated August 8, 2018, by and among Braemar Hospitality Limited Partnership, Braemar Hotels & Resorts Inc., Remington Lodging & Hospitality, LLC, as consented to by Monty J. Bennett (incorporated by reference to Exhibit 10.3 of the Current Report on Form 8-K filed August 14, 2018) (File No. 001-35972)
10.7.1	Braemar Mutual Exclusivity Agreement, dated August 8, 2018, by and among Braemar Hospitality Limited Partnership, Braemar Hotels & Resorts Inc. and Project Management LLC (incorporated by reference to Exhibit 10.4 of the Current Report on Form 8-K filed August 14, 2018) (File No. 001-35972)
10.8	Amended and Restated Braemar Hotel Master Management Agreement, dated August 8, 2018, by and among Braemar TRS Corporation, CHH III Tenant Parent Corp., RC Hotels (Virgin Islands), Inc. and Remington Lodging & Hospitality, LLC (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed August 14, 2018) (File No. 001-35972)
10.8.1	Braemar Master Project Management Agreement, dated August 8, 2018, by and among Braemar TRS Corporation, CHH III Tenant Parent Corp., RC Hotels (Virgin Islands), Inc., Braemar Hospitality Limited Partnership and Project Management LLC (incorporated by reference to Exhibit 10.2 of the Current Report on Form 8-K filed August 14, 2018) (File No. 001-35972)
10.9	Registration Rights Agreement by and between Ashford Hospitality Prime, Inc., Ashford Hospitality Limited Partnership and Ashford Hospitality Advisors LLC, dated November 19, 2013 (incorporated by reference to Exhibit 10.8 to the Current Report on Form 8-K filed on November 25, 2013) (File No. 001-35972)
10.10	Registration Rights Agreement between Ashford Hospitality Prime, Inc., for the benefit of the holders of common partnership units in Ashford Hospitality Prime Limited Partnership named therein, dated November 19, 2013 (incorporated by reference to Exhibit 10.9 to the Current Report on Form 8-K filed on November 25, 2013) (File No. 001-35972)
10.11	Schedule of Agreements omitted pursuant to Instruction 2 to Item 601 of Regulation S-K (incorporated by reference to Exhibit 10.13a to Amendment No. 3 to the Registration Statement on Form 10 filed on September 24, 2013) (File No. 001-35972)
10.12	Licensing Agreement between Ashford Hospitality Trust, Inc., Ashford Hospitality Prime, Inc. and Ashford Hospitality Prime Limited Partnership, dated November 19, 2013 (incorporated by reference to Exhibit 10.10 to the Current Report on Form 8-K filed on November 25, 2013) (File No. 001-35972)
10.13	Loan Agreement, dated as of March 9, 2015, among Ashford Pier House LP, Ashford TRS Pier House LLC, and Credit Agricole Corporate and Investment Bank (incorporated by reference to Exhibit 10.33 to the Annual Report on Form 10-K filed on March 16, 2015) (File No. 001-35972)
10.14	Recourse Liability Agreement, dated as of March 9, 2015, made by Ashford Pier House LP, Ashford TRS Pier House LLC, and Ashford Hospitality Prime Limited Partnership for the benefit of Credit Agricole Corporate and Investment Bank (incorporated by reference to Exhibit 10.34 to the Annual Report on Form 10-K filed on March 16, 2015) (File No. 001-35972)
10.15	Environmental Indemnity, dated as of March 9, 2015, made by Ashford Pier House LP, Ashford TRS Pier House LLC, and Ashford Hospitality Prime Limited Partnership for the benefit of Credit Agricole Corporate and Investment Bank (incorporated by reference to Exhibit 10.35 to the Annual Report on Form 10-K filed on March 16, 2015) (File No. 001-35972)
10.16	Letter Agreement, dated September 17, 2015, by and between Ashford Hospitality Prime, Inc. and Ashford Inc. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on September 18, 2015) (File No. 001-35972)
10.17†	Second Amended and Restated Braemar Hotels & Resorts Inc. 2013 Equity Incentive Plan, as amended and restated through May 11, 2022 (incorporated by reference to Exhibit 10.1 to the Registrant's Form S-8 filed on May 12, 2022) (File No. 001-35972)
10.17.1†	Form of 2023 Deferred Cash Award Agreement (incorporated by reference to Exhibit 10.17.1 to the Annual Report on Form 10-K filed on March 10, 2023 (File No. 001-35972)
10.17.2†	Form of 2023 Performance Stock Unit Award Agreement (incorporated by reference to Exhibit 10.17.2 to the Annual Report on Form 10-K filed on March 10, 2023 (File No. 001-35972)
10.17.3†	Form of 2023 Performance LTIP Unit Award Agreement (incorporated by reference to Exhibit 10.17.3 to the Annual Report on Form 10-K filed on March 10, 2023 (File No. 001-35972)
10.18†	Form of 2021 Performance LTIP Unit Award Agreement (filed as Exhibit 10.7 to the Quarterly Report on Form 10-Q filed on May 7, 2021) (File No. 001-35972)
10.19†	Form of 2021 Performance Stock Unit Award Agreement (filed as Exhibit 10.6 to the Quarterly Report on Form 10-Q filed on May 7, 2021) (File No. 001-35972)
10.20†	Restricted Stock Award Agreement, dated as of November 2, 2016, by and between Ashford Hospitality Prime, Inc. and Richard J. Stockton (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on November 2, 2016) (File No. 001-35972)
10.21.1	Second Amended and Restated Credit Agreement, dated as of October 25, 2019, by and among Braemar Hotels & Resorts Inc., Braemar Hospitality Limited Partnership, Bank of America, N.A. and the other lenders party thereto (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on October 28, 2019) (File No. 001-35972)
10.21.2	First Amendment to Second Amended and Restated Credit Agreement, dated June 8, 2020 (incorporated by reference to Exhibit 10.1 of Form 8-K filed June 11, 2020)
10.21.3	Second Amendment to Second Amended and Restated Credit Agreement, dated February 22, 2021.(incorporated by reference to Exhibit 10.1 of Form 8-K filed February 22, 2021) (File No. 001-35972)
10.22	Form of Indemnification Agreement between Ashford Hospitality Prime, Inc. and each of its executive officers and directors (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on March 8, 2017) (File No. 001-35972)

Exhibit Number	Exhibit Description
10.23	Agreement of Purchase and Sale, dated January 13, 2017 between Ashford Hospitality Prime Limited Partnership, a Delaware limited partnership and Hotel Yountville, LLC a California limited liability company, Hotel Yountville Holdings, LLC, a California limited liability company, Altamura Family, LLC, a California limited liability company, and George Altamura, Jr., LLC, a California limited liability company (incorporated by reference to Exhibit 10.1 of the Quarterly Report on Form 10-Q filed on May 9, 2017) (File No. 001-35972)
10.23.1	First Amendment of Agreement of Purchase and Sale, dated January 30, 2017, between Hotel Yountville, LLC, a California limited liability company, Hotel Yountville Holdings, LLC, a California limited liability company, Altamura Family, LLC, a California limited liability company, and George Altamura, Jr., LLC, a California limited liability company and Ashford Hospitality Prime Limited Partnership, a Delaware limited partnership (incorporated by reference to Exhibit 10.1.1 of the Quarterly Report on Form 10-Q filed on May 9, 2017) (File No. 001-35972)
10.23.2	Second Amendment of Agreement of Purchase and Sale, dated February 28, 2017, by and among Hotel Yountville, LLC, a California limited liability company, Hotel Yountville Holdings, LLC, a California limited liability company, Altamura Family, LLC, a California limited liability company, and George Altamura, Jr., LLC, a California limited liability company and Ashford Hospitality Prime Limited Partnership, a Delaware limited partnership (incorporated by reference to Exhibit 10.1.2 of the Quarterly Report on Form 10-Q filed on May 9, 2017) (File No. 001-35972)
10.24	Sale and Purchase Agreement, dated March 9, 2017, by and between, WTCC Beaver Creek Investors V, L.L.C., a Delaware limited liability company, and Ashford Hospitality Prime Limited Partnership, a Delaware limited partnership (incorporated by reference to Exhibit 10.2 of the Quarterly Report on Form 10-Q filed on May 9, 2017) (File No. 001-35972)
10.24.1	First Amendment To Sale and Purchase Agreement, dated March 13, 2017, by and between WTCC Beaver Creek Investors V, L.L.C., a Delaware limited liability company, and Ashford Hospitality Prime Limited Partnership, a Delaware limited partnership (incorporated by reference to Exhibit 10.2.1 of the Quarterly Report on Form 10-Q filed on May 9, 2017) (File No. 001-35972)
10.25	Form of Director Confidentiality Agreement (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed on July 7, 2017 (File No. 001-35972)
10.26†	Amended and Restated Employment Agreement, dated as of April 30, 2019, by and among Ashford Inc., Ashford Hospitality Advisors, LLC, and Richard J. Stockton (incorporated by reference to Exhibit 10.28 to the Annual Report on Form 10-K/A filed on April 30, 2019) (File No. 001-35972)
10.27	First Amendment to Amended and Restated Employment Agreement, dated as of May 12, 2022, by and among Ashford Inc., Ashford Hospitality Advisors, LLC, and Richard J. Stockton (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed on May 12, 2022) (File No. 001-35972)
10.28	Standby Equity Distribution Agreement, dated as of February 4, 2021, by and between Braemar Hotels & Resorts Inc. and YA II PN. Ltd. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on February 4, 2021) (File No. 001-35972)
10.29	Purchase Agreement, dated as of April 21, 2021, by and between the Company and Lincoln Park Capital Fund, LLC (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on April 21, 2021) (File No. 001-35972)
10.30	Purchase Agreement, dated as of May 13, 2021, by and among the Company, the Operating Partnership, the Advisor and UBS Securities LLC, as the Initial Purchaser. (incorporated by reference to Exhibit 1.1 to the Current Report on Form 8-K filed on May 18, 2021) (File No. 001-35972)
10.31	Amendment No. 1 to the Braemar Master Project Management Agreement (filed as Exhibit 10.5 to the Quarterly Report on Form 10-Q filed on August 6, 2021) (File No. 001-35972)
10.32	Limited Waiver Under Advisory Agreement, dated as of March 10, 2022, by and among Braemar Hotels & Resorts Inc., Braemar Hospitality Limited Partnership, Braemar TRS Corporation, Ashford Inc. and Ashford Hospitality Advisors LLC. (incorporated by reference to Exhibit 10.39 to the Annual Report on Form 10-K filed on March 10, 2022) (File No. 001-35972)
10.33	Purchase and Sale Agreement, dated as of October 31, 2022, by and between SHR FSST, LLC and STRS FSST and BHR Scottsdale LP (incorporated by reference to Exhibit 10.39 to the Annual Report on Form 10-K filed on March 10, 2022) (File No. 001-35972)
10.34	Limited Waiver Under Advisory Agreement, dated as of March 2, 2023, by and among Braemar Hotels & Resorts Inc., Braemar Hospitality Limited Partnership, Braemar TRS Corporation, Ashford Inc., and Ashford Hospitality Advisors LLC (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed March 3, 2023) (File No. 001-35972)
10.35†	Amendment No. 4 to the Braemar Hotels & Resorts Inc. Second Amended and Restated 2013 Equity Incentive Plan (incorporated by reference to Annex B to the Company's Proxy Statement on Schedule 14A filed March 28, 2023) (File No. 001-35972)
10.36	Credit Agreement, dated as of July 31, 2023, by and among Braemar Hospitality Limited Partnership, Braemar Hotels & Resorts Inc., the lenders party thereto and Bank of America, N.A.(incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed August 1, 2023) (File No. 001-35972).
10.37	Amendment No. 2 to the Master Project Management Agreement, dated as of February 12, 2024, by and among Braemar TRS Corporation, CHH III Tenant Parent Corp., RC Hotels (Virgin Islands), Inc., Premier Project Management LLC and Braemar Hospitality Limited Partnership. (incorporated by reference to Exhibit 10.37 to the Annual Report on Form 10-K filed on March 14, 2024 (File No. 001-35972).
10.38	Limited Waiver Under Advisory Agreement, dated as of March 11, 2024, by and among Braemar Hotels & Resorts Inc., Braemar Hospitality Limited Partnership, Braemar TRS Corporation, Ashford Inc., and Ashford Hospitality Advisors LLC. (incorporated by reference to Exhibit 10.38 to the Annual Report on Form 10-K filed on March 14, 2024 (File No. 001-35972).

Exhibit Number	Exhibit Description
10.39	First Amendment to Credit Agreement, dated as of February 21, 2024, by and among Braemar Hospitality Limited Partnership, Braemar Hotels & Resorts Inc., the lenders party thereto and Bank of America, N.A. (incorporated by reference to Exhibit 10.39 to the Annual Report on Form 10-K filed on March 14, 2024 (File No. 001-35972).
10.40	Agreement of Purchase and Sale, dated as of May 6, 2024, by and among JRK Torrey Pines Hotel Owner LLC and CHH Torrey Pines Hotel Partners, LP and CHH Torrey Pines Tenant Corp. (incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q filed on August 8, 2024 (File No. 001-35972).
10.41	Cooperation Agreement, dated July 2, 2024, by and among Braemar Hotels & Resorts Inc., Ashford Hospitality Trust, Inc., Ashford Inc., Blackwells Capital LLC, Blackwells Onshore I LLC, Blackwells Holding Co. LLC, Vandewater Capital Holdings, LLC, Blackwells Asset Management LLC, BW Coinvest Management I LLC and Jason Aintabi (incorporated by reference to Exhibit 10.1 to the Current Report on 8-K filed on July 2, 2024) (File No. 001-35972).
10.42	Share Ownership Agreement, dated July 2, 2024, by and among Braemar Hotels & Resorts Inc., Ashford Hospitality Trust, Inc., Ashford Inc., Blackwells Capital LLC, Blackwells Onshore I LLC, Blackwells Holding Co. LLC, Vandewater Capital Holdings, LLC, Blackwells Asset Management LLC, BW Coinvest Management I LLC and Jason Aintabi (incorporated by reference to Exhibit 10.2 to the Current Report on 8-K filed on July 2, 2024) (File No. 001-35972)
10.43	Loan Agreement, dated July 2, 2024, by and between BW Coinvest I, LLC, Jason Aintabi, Vandewater Capital Holdings, LLC, Blackwells Holding Co. LLC, Blackwells Asset Management LLC and Braemar Hospitality Limited Partnership (incorporated by reference to Exhibit 10.3 to the Current Report on 8-K filed on July 2, 2024) (File No. 001-35972).
10.44	Limited Waiver Under Advisory Agreement, dated August 8, 2024, by and among Braemar Hotels & Resorts Inc., Braemar Hospitality Limited Partnership, Braemar TRS Corporation, Ashford Inc. and Ashford Hospitality Advisors LLC (incorporated by reference to Exhibit 10.8 to the Quarterly Report on Form 10-Q filed on August 8, 2024 (File No. 001-35972).
10.45†*	Form of 2025 Deferred Cash Award Agreement
10.46*	Limited Waiver Under Advisory Agreement, dated as of March 10, 2025, by and among Braemar Hotels & Resorts Inc., Braemar Hospitality Limited Partnership, Braemar TRS Corporation, Ashford Inc., and Ashford Hospitality Advisors LLC.
19.1*	Policy on Insider Trading and Compliance
21.1*	List of Subsidiaries of Braemar Hotels & Resorts Inc.
21.2*	List of Special Purpose Entities of Braemar Hotels & Resorts Inc.
23.1*	Consent of BDO USA, P. C.
31.1*	Certification of the Chief Executive Officer required by Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended
31.2*	Certification of the Chief Financial Officer required by Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended
32.1**	Certification of the Chief Executive Officer required by Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (In accordance with SEC Release 33-8212, this exhibit is being furnished, and is not being filed as part of this report or as a separate disclosure document, and is not being incorporated by reference into any Securities Act of 1933 registration statement.)
32.2**	Certification of the Chief Financial Officer required by Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (In accordance with SEC Release 33-8212, this exhibit is being furnished, and is not being filed as part of this report or as a separate disclosure document, and is not being incorporated by reference into any Securities Act of 1933 registration statement.)
97.1*	Policy relating to recovery of erroneously awarded compensation, as required by applicable listing standards adopted pursuant to 17 CFR 240.10D-1
99.1	Release and waiver, by and between, Ashford Hospitality Services, LLC and Jeremy Welter, dated April 15, 2022 (incorporated by reference to Exhibit 99.1 to the Current Report on Form 8-K filed on April 19, 2022)

* Filed herewith.

** Furnished herewith

† Management contract or compensatory plan or arrangement.

The following materials from the Company's Annual Report on Form 10-K for the year ended December 31, 2024 are formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Balance Sheets; (ii) Consolidated Statements of Operations; (iii) Consolidated Statements Comprehensive Income (Loss); (iv) Consolidated Statements of Equity;(v) Consolidated Statements of Cash Flows; and (vi) Notes to Consolidated Financial Statements. In accordance with Rule 402 of Regulation S-T, the XBRL related information in Exhibit 101 to this Annual Report on Form 10-K shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and shall not be part of any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the XBRL document	
101.SCH	Inline XBRL Taxonomy Extension Schema Document.	*Submitted electronically with this report.*
101.CAL	Inline XBRL Taxonomy Calculation Linkbase Document.	*Submitted electronically with this report.*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.	*Submitted electronically with this report.*
101.LAB	Inline XBRL Taxonomy Label Linkbase Document.	*Submitted electronically with this report.*
101.PRE	Inline XBRL Taxonomy Presentation Linkbase Document.	*Submitted electronically with this report.*
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)	

Item 16. ***Form 10-K Summary***

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on March 12, 2025.

BRAEMAR HOTELS & RESORTS INC.

By: /s/ RICHARD J. STOCKTON
Richard J. Stockton
President and Chief Executive Officer

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, this report has been signed below on behalf of the Registrant in the capacities and on the dates indicated.

Signature	Title	Date
/s/ MONTY J. BENNETT Monty J. Bennett	Chairman of the Board of Directors	March 12, 2025
/s/ RICHARD J. STOCKTON Richard J. Stockton	President and Chief Executive Officer (Principal Executive Officer)	March 12, 2025
/s/ DERIC S. EUBANKS Deric S. Eubanks	Chief Financial Officer (Principal Financial Officer)	March 12, 2025
/s/ JUSTIN R. COE Justin R. Coe	Chief Accounting Officer (Principal Accounting Officer)	March 12, 2025
/s/ STEFANI D. CARTER Stefani D. Carter	Director	March 12, 2025
/s/ MATTHEW D. RINALDI Matthew D. Rinaldi	Director	March 12, 2025
/s/ REBECA ODINO-JOHNSON Rebeca Odino-Johnson	Director	March 12, 2025
/s/ JAY H. SHAH Jay H. Shah	Director	March 12, 2025
/s/ REBECCA MUSSER Rebecca Musser	Director	March 12, 2025
/s/ MARY CANDACE EVANS Mary Candace Evans	Director	March 12, 2025

SCHEDULE III
BRAEMAR HOTELS & RESORTS INC. AND SUBSIDIARIES
REAL ESTATE AND ACCUMULATED DEPRECIATION
December 31, 2024
(in thousands)

Column A		Column B	Column C		Column D		Column E			Column F	Column G	Column H	Column I
			Initial Cost		Costs Capitalized Since Acquisition		Gross Carrying Amount At Close of Period						
Hotel Property	Location	Encumbrances	Land	FF&E, Buildings and improvements	Land	FF&E, Buildings and improvements	Land	FF&E, Buildings and improvements	Total	Accumulated Depreciation	Construction Date	Acquisition Date	Income Statement
Capital Hilton	Washington, D.C.	$ 110,600	$ 45,721	$ 106,245	$ —	$ 59,536	$ 45,721	$ 165,781	$ 211,502	$ 77,489	—	April 2007	(1),(2),(3)
Marriott Seattle Waterfront	Seattle, WA	90,785	31,888	112,176	—	23,177	31,888	135,353	167,241	63,180	—	April 2007	(1),(2),(3)
The Notary Hotel	Philadelphia, PA	57,018	9,814	94,029	—	20,009	9,814	114,038	123,852	56,633	—	April 2007	(1),(2),(3)
The Clancy	San Francisco, CA	78,384	22,653	72,731	—	33,790	22,653	106,521	129,174	58,121	—	April 2007	(1),(2),(3)
Sofitel Chicago Magnificent Mile	Chicago, IL	66,993	12,631	140,369	—	957	12,631	141,326	153,957	41,397	—	February 2014	(1),(2),(3)
Pier House Resort & Spa	Key West, FL	94,000	59,731	33,011	—	(576)	59,731	32,435	92,166	11,850	—	March 2014	(1),(2),(3)
Bardessono Hotel and Spa	Yountville, CA	39,000	—	64,184	—	3,924	—	68,108	68,108	16,421	—	July 2015	(1),(2),(3)
Hotel Yountville	Yountville, CA	37,000	47,849	48,567	—	(1,922)	47,849	46,645	94,494	10,372	—	May 2017	(1),(2),(3)
Park Hyatt Beaver Creek Resort & Spa	Beaver Creek, CO	70,500	89,117	56,383	353	20,193	89,470	76,575	166,045	21,338	—	March 2017	(1),(2),(3)
The Ritz-Carlton Sarasota	Sarasota, FL	130,000	83,630	99,782	—	11,670	83,630	111,452	195,082	25,415	—	April 2018	(1),(2),(3)
The Ritz-Carlton St. Thomas	St. Thomas, USVI	107,000	25,533	38,467	—	67,082	25,533	105,549	131,082	20,651	—	December 2015	(1),(2),(3)
The Ritz-Carlton Lake Tahoe	Truckee, CA	53,413	26,731	91,603	—	40,725	26,731	132,328	159,059	23,772	—	January 2019	(1),(2),(3)
Cameo Beverly Hills	Beverly Hills, CA	—	29,346	45,078	—	4,525	29,346	49,603	78,949	7,556	—	August 2021	(1),(2),(3)
The Ritz-Carlton Reserve Dorado Beach	Dorado, Puerto Rico	62,000	79,711	117,510	—	8,246	79,711	125,756	205,467	18,928	—	March 2022	(1),(2),(3)
Four Seasons Resort Scottsdale	Scottsdale, AZ	140,000	70,248	197,610	—	8,538	70,248	206,148	276,396	20,765	—	December 2022	(1),(2),(3)
Total		$ 1,136,693	$ 634,603	$ 1,317,745	$ 353	$ 299,874	$ 634,956	$ 1,617,618	$ 2,252,574	$ 473,888			

(1) Estimated useful life for buildings is 39 years.

(2) Estimated useful life for building improvements is 7.5 years.

(3) Estimated useful life for furniture and fixtures is 1.5 to 5 years.

(4) The cost of land and depreciable property, net of accumulated depreciation, for U.S. federal income tax purposes was approximately $1.7 billion as of December 31, 2024.

	Year Ended December 31,		
	2024	2023	2022
Investment in real estate:			
Beginning balance	$ 2,382,716	$ 2,325,093	$ 1,845,078
Additions	57,758	92,384	516,754
Write-offs	(66,227)	(34,761)	(36,739)
Sales/disposals	(121,673)	—	—
Ending balance	$ 2,252,574	$ 2,382,716	$ 2,325,093
Accumulated depreciation:			
Beginning balance	498,508	440,492	399,481
Depreciation expense	98,286	92,777	77,750
Write-offs	(66,227)	(34,761)	(36,739)
Sales/disposals	(56,679)	—	—
Ending balance	$ 473,888	$ 498,508	$ 440,492
Investment in real estate, net	$ 1,778,686	$ 1,884,208	$ 1,884,601

Officers and Directors

OFFICERS

Richard J. Stockton
Chief Executive Officer
& President

Deric S. Eubanks
Chief Financial Officer and Treasurer

Justin Coe
Chief Accounting Officer

Alex Rose
Executive Vice President,
General Counsel & Secretary

BOARD OF DIRECTORS

Monty J. Bennett
Chairman of the Board

Stefani D. Carter
Attorney and Consultant

Candace Evans
Founder & Publisher
CandysDirt.com & SecondShelters.com
Real Estate Investment Consultant

Bob Ghassemieh
Executive Vice President and Director
First Credit Bank

Rebecca Musser
Independent Accounting Consultant

Rebeca-Odino Johnson
National Senior Vice President,
Direct Marketing and Donor Experience
American Heart Association

Matthew D. Rinaldi
General Counsel
Farjo Holdings, LP

Kellie Sirna
Owner and Principal
Studio 11 Design

Richard J. Stockton
Chief Executive Officer
& President

Corporate Information

Corporate Office
Braemar Hotels & Resorts Inc.
14185 Dallas Parkway, Suite 1200
Dallas, Texas 75254
Telephone: (972) 490-9600
www.bhrreit.com

Registrar and Transfer Agent
Computershare Trust Company, N.A.
Canton, Massachusetts

Independent Auditors
BDO USA, P.C.
Dallas, Texas

Legal Counsel
White & Case LLP
New York, New York

Annual Report on Form 10-K/Investor Contact
A copy of the Braemar Hotels & Resorts Annual Report on Form 10-K for fiscal 2024 was filed with the Securities and Exchange Commission on March 12, 2025 and is included with this report. Additional copies of the report and copies of the exhibits referenced therein are available from the Company. Requests for these items and other investor contacts should be directed to Joseph Calabrese of Financial Relations Board at (212) 827-3772.

Forward-Looking Statements
This report contains forward-looking statements within the meaning of the federal securities laws. Braemar Hotels & Resorts, Inc (the “Company” or “we” or “our”) cautions investors that any forward-looking statements presented herein, or which management may make orally or in writing from time to time, are based on management’s beliefs and assumptions at that time. Throughout this report, words such as “anticipate,” “believe,” “expect,” “intend,” “may,” “might,” “plan,” “estimate,” “project,” “should,” “will,” “result,” and other similar expressions, which do not relate solely to historical matters, are intended to identify forward-looking statements. Such statements are subject to risks, uncertainties, and assumptions and are not guarantees of future performance, which may be affected by known and unknown risks, trends, uncertainties, and factors beyond our control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated, or projected. We caution investors that while forward-looking statements reflect our good faith beliefs at the time they are made, such statements are not guarantees of future performance and are impacted by actual events that occur after such statements are made. We expressly disclaim any responsibility to update forward-looking statements, whether as a result of new information, future events, or otherwise. Accordingly, investors should use caution in relying on past forward-looking statements, which are based on results and trends at the time they are made, to anticipate future results or trends.
Some of the risks and uncertainties that may cause our actual results, performance, or achievements to differ materially from those expressed or implied by forward-looking statements include, among others, those discussed in our Annual Report on Form 10-K under the heading “Risk Factors.” These risks and uncertainties continue to be relevant to our performance and financial condition. Moreover, we operate in a very competitive and rapidly changing environment where new risk factors emerge from time to time. It is not possible for management to predict all such risk factors, nor can it assess the impact of all such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results.

Annual Meeting
The annual meeting of shareholders will be held on Monday, December 15, 2025, at 9:00 a.m. Central Time at the Company's Corporate Office, 14185 Dallas Parkway, Suite 1200, Dallas, TX 75254.
Shareholders of record as of the close of business on October 20, 2025 will be entitled to vote at this meeting.

BRAEMAR
HOTELS & RESORTS

14185 Dallas Parkway | Suite 1200 | Dallas, Texas 75254 | 972.490.9600 | www.bhrreit.com