




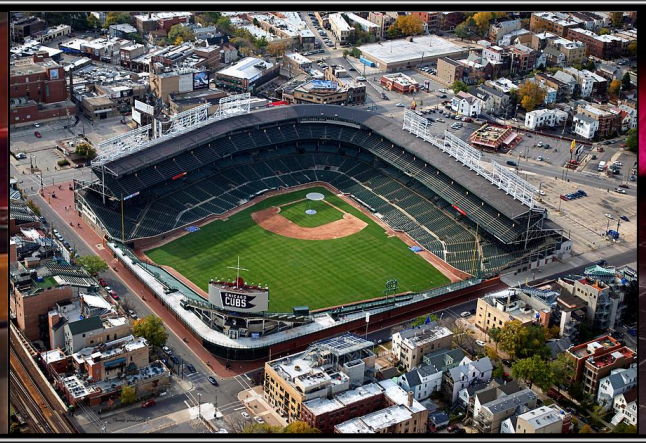


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HOSPITALITY PRIME

Chicago Investor Tour - May 2015

Ashford Prime

- **Invest in high quality, high RevPAR hotels (RevPAR > 2x the national average) located in gateway & resort markets**

- **Conservative leverage with target (Net Debt + Preferred Equity) / EBITDA of 5.0x or less**








Compelling Opportunity

- Attractive industry fundamentals with demand growth exceeding supply growth
- High quality portfolio predominantly located in gateway & resort markets
- Low leverage strategy in line with peers
- Highly-aligned management team
- Portfolio is in great physical condition after recent renovations
- Recently announced 100% increase in common dividend

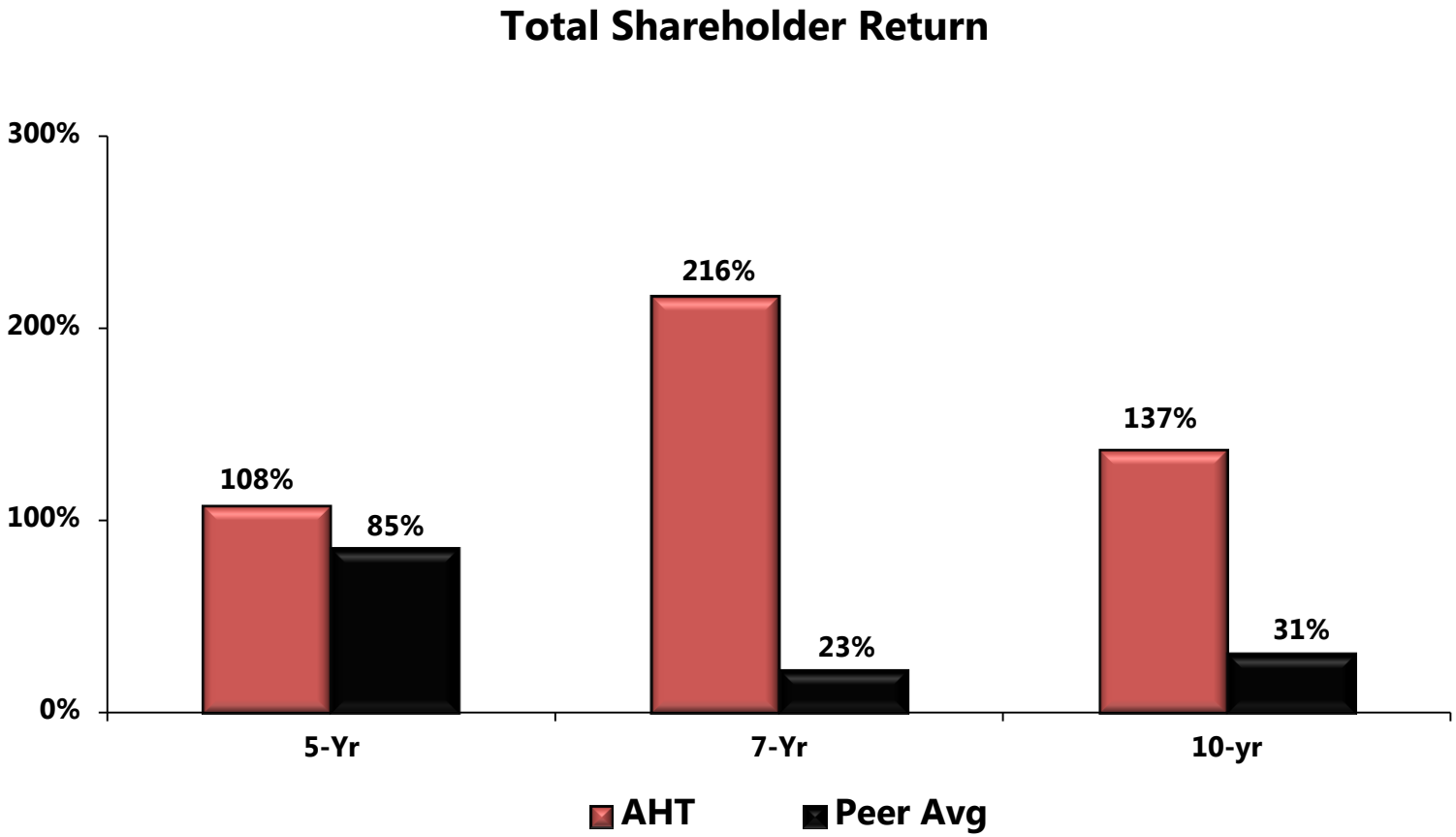







Demonstrated Long-Term Track Record

- **Disciplined growth, operational expertise, and capital allocation to maximize shareholder returns**
- **Prime expects to benefit from strong AINC management team capabilities**



Peer average includes: BEE, CHSP, CLDT, DRH, FCH, HST, HT, INN, LHO, PEB, RLJ, SHO
Trailing Total Shareholder Returns as of 5/13/15
Source: Bloomberg

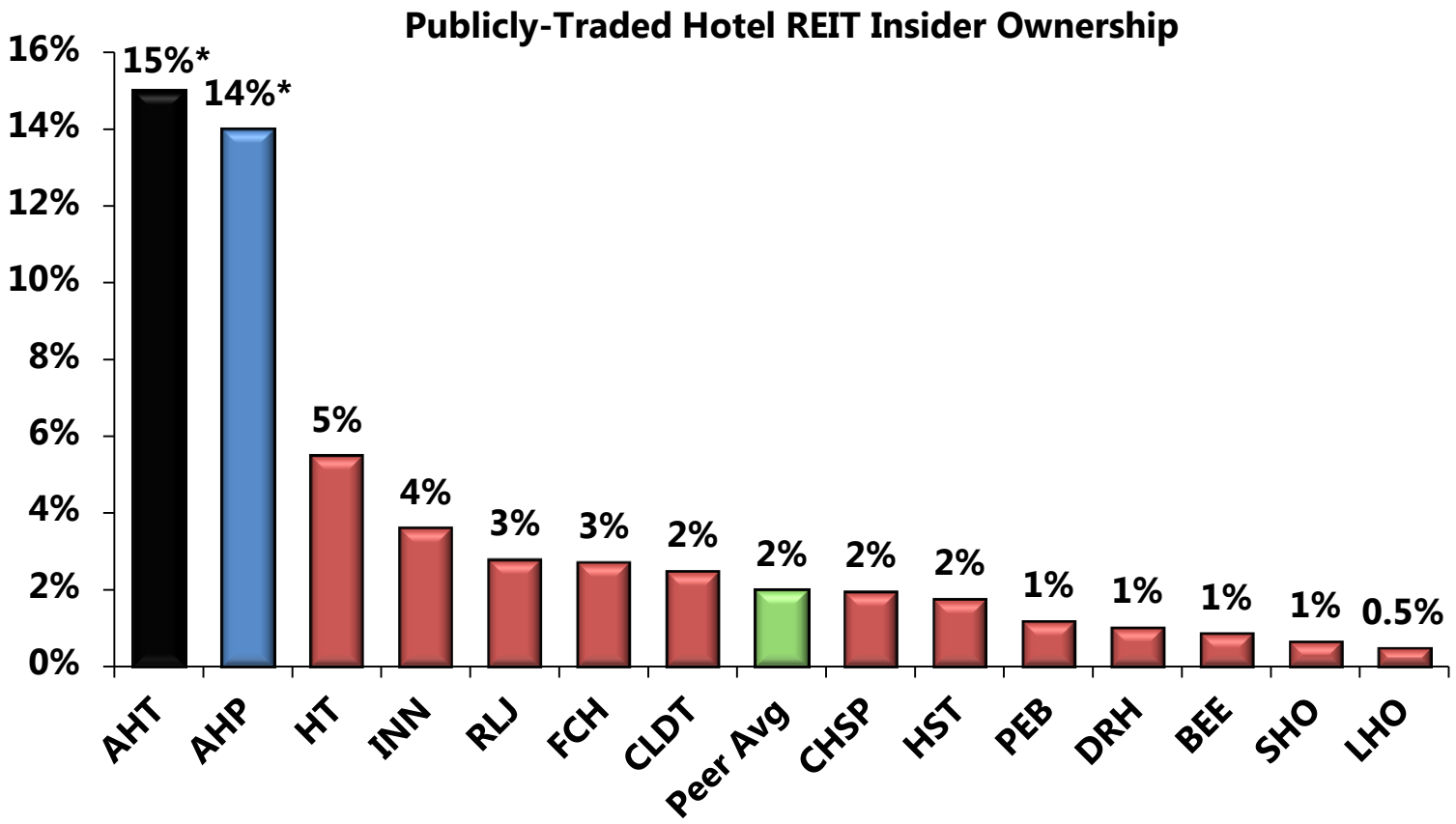







Highly-Aligned Management

- **With insider ownership* of approximately 14% for AHP, management is highly-aligned with shareholder interests**



Public Lodging REITs include: BEE, CHSP, CLDT, DRH, FCH, HST, HT, INN, LHO, PEB, RLJ, SHO
Source: Company filings.
* Insider ownership for Ashford entities includes direct & indirect interests & interests of related parties








Sofitel Chicago Water Tower













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Sofitel Chicago Water Tower: 415 Rooms; 10,000 sf

Property Overview





Property Information:

- Location: Downtown Chicago (Gold Coast submarket)
- Rooms: 415 (including 32 suites)
- Year Built: 2002
- 10,000 sf of meeting space
- Fee simple; 32 story tower
- Segmentation: 70% transient; 30% group

Acquisition Overview:

- Purchase Price: $153 million
- Purchase Price/Key: $369,000
- RevPAR of $182* vs. AHP Portfolio RevPAR of $175*
- Excellent Gold Coast location in a key U.S. gateway market
- High quality asset with attractive contemporary design and minimal capex needs

Accomplishments since acquisition:

- New General Manager
- Over $750,000 in annualized cost savings
- Renegotiated parking agreement increasing hotel's revenue share by 35%
- Sofitel Chicago recently ranked 3rd best hotel in Chicago for business travelers by USA Today
- Sofitel Chicago ranked #1 business hotel in Chicago by Travel & Leisure in 2013
- Sofitel Pastry Chef won Jean Banchet Award for best pastry chef in Chicago
- Sofitel Executive Chef won the 2015 StarChefs Chicago Rising Star Award

*TTM March 31, 2015



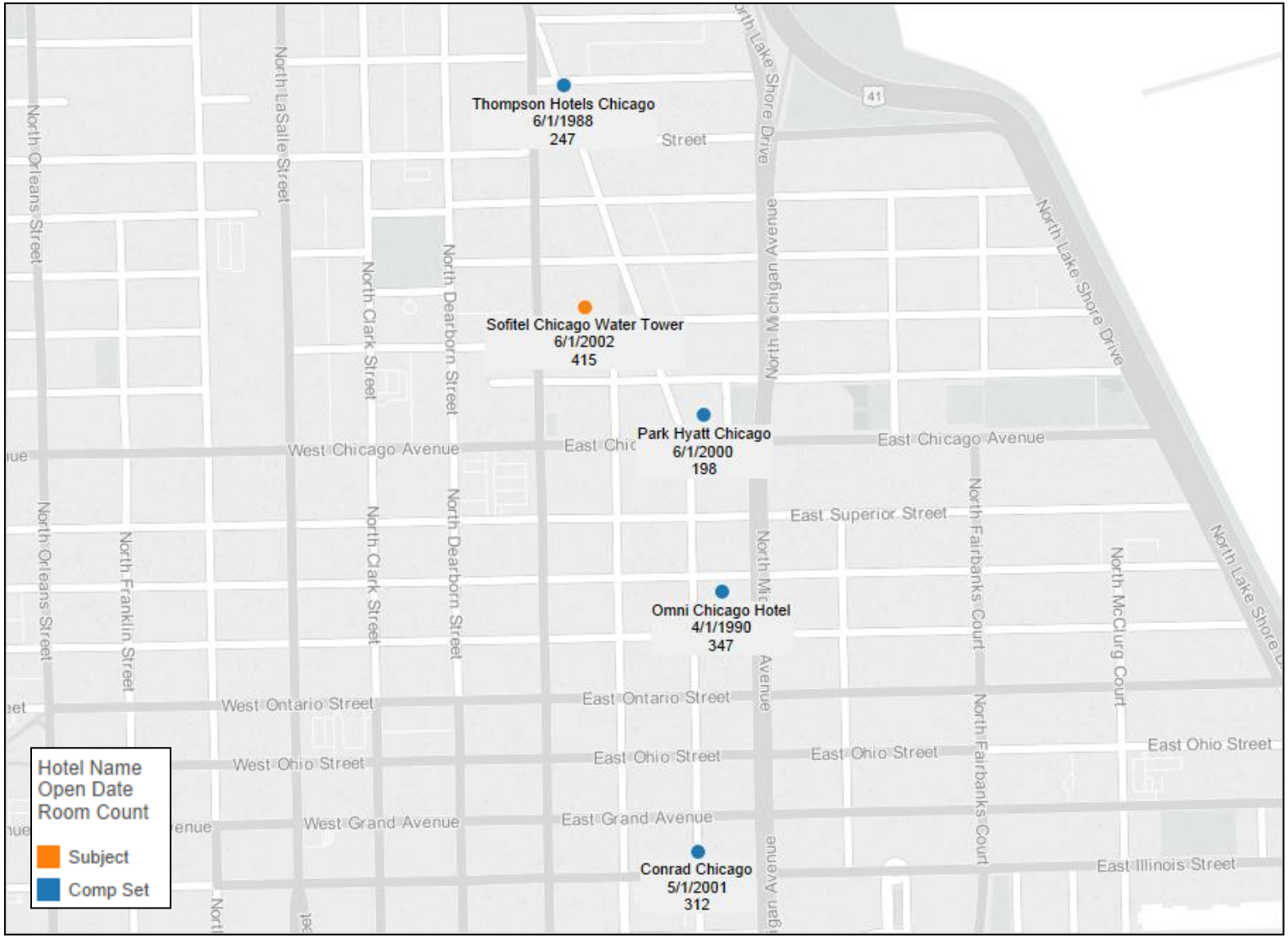








Competitive Set - Primary





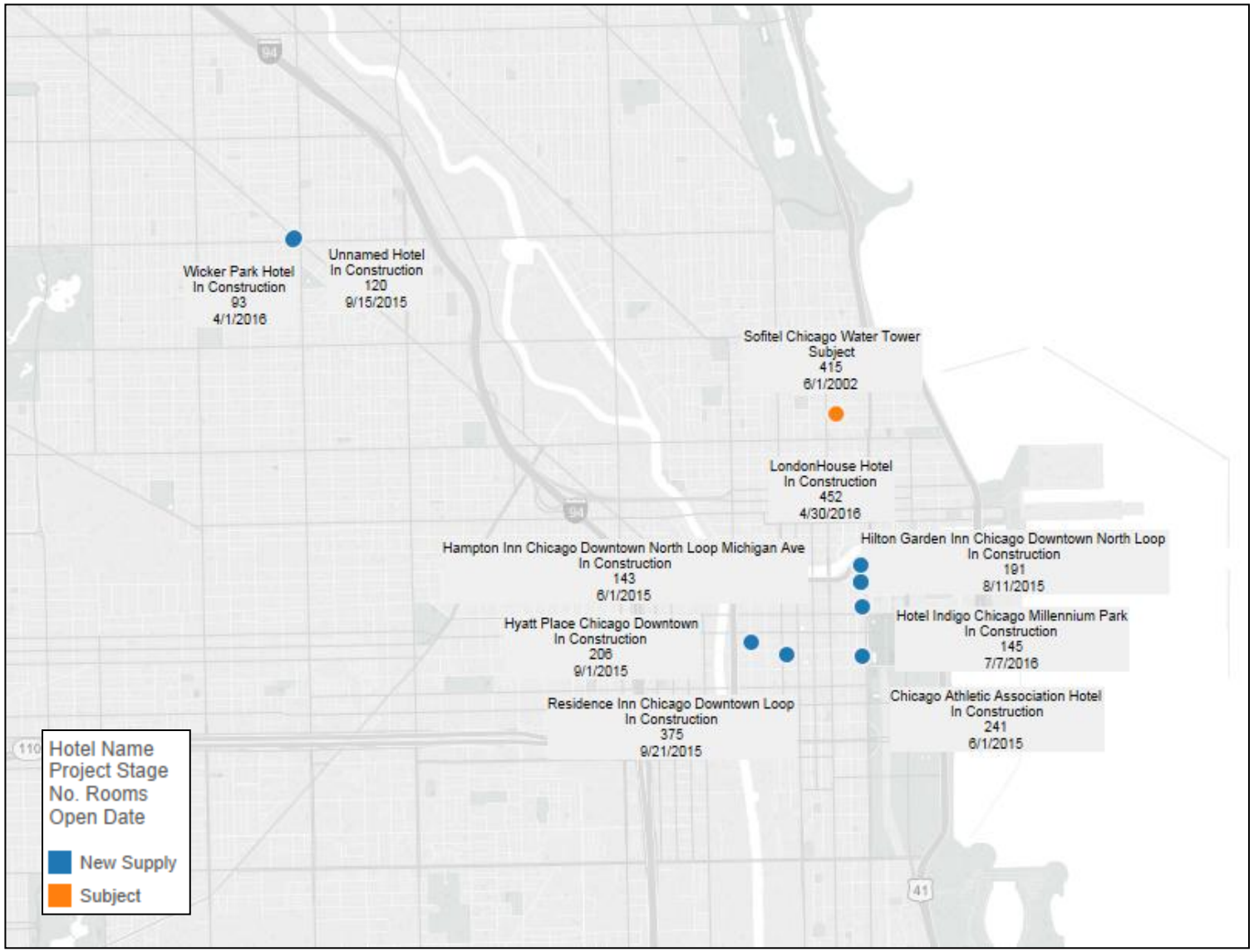








New Supply - Tract













Capital Summary

Historical Capital Spend

Year	$ Spend
2010	N/A
2011	N/A
2012	N/A
2013	N/A
2014	$352,161
Total	**$352,161**

Projected Capital Spend

Year	$ Spend
2015	$860,800
2016	$912,653
2017	$3,028,750
2018	$2,608,750
2019	$701,250
Total	**$8,112,203**

Specific Renovations

Area	Next Renovation	Cost
Hotel Bar	2015	$515,000
Fitness Center	2015	$170,000
Guestrooms	2017/2018	$4,835,000

Note: Dollar amounts and timing reflect budget year spend, actual timing may vary







Case Study – Deep Dive

Challenging Conditions:

- Property was previously owned by Blackstone's Real Estate Division, noted for stringent cost controls on portfolio hotels
- Ashford worked alongside existing property management to accomplish goals
- Ashford has no previous experience with the Sofitel brand, which is known for strict standards
- Chicago market has been weak YTD
- Sofitel compset RevPAR down -6.6%*

*TTM April 30, 2015





Deep Dive Results:

- Annualized cost savings totaled over **$750,000**
- Examples of savings opportunities:
  - **$92k** – Modified turn-down service
  - **$556k** – Multiple reductions in labor hours and compensation
- Property exceeded flow metric by **$214k** for the TTM following acquisition despite revenue contraction







Property Pictures













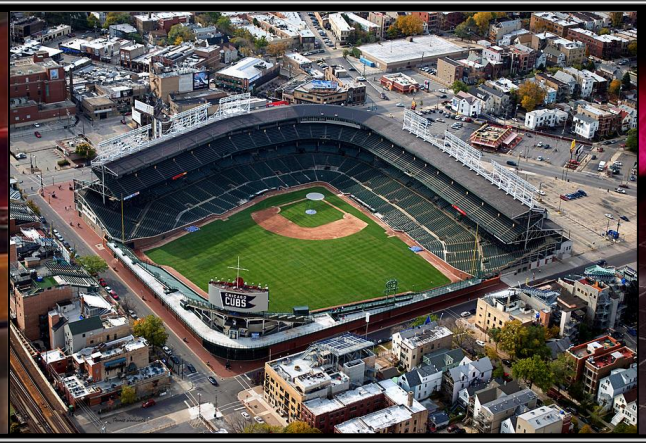








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