







ASHFORD
HOSPITALITY PRIME

Company Presentation - July 2015

Safe Harbor

In keeping with the SEC's "Safe Harbor" guidelines, certain statements made during this presentation could be considered forward-looking and subject to certain risks and uncertainties that could cause results to differ materially from those projected. When we use the words "will likely result," "may," "anticipate," "estimate," "should," "expect," "believe," "intend," or similar expressions, we intend to identify forward-looking statements. Such forward-looking statements include, but are not limited to, our business and investment strategy, our understanding of our competition, current market trends and opportunities, projected operating results, and projected capital expenditures.

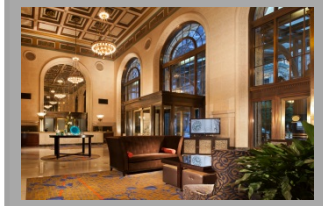
These forward-looking statements are subject to known and unknown risks and uncertainties, which could cause actual results to differ materially from those anticipated including, without limitation: general volatility of the capital markets and the market price of our common stock; changes in our business or investment strategy; availability, terms and deployment of capital; availability of qualified personnel; changes in our industry and the market in which we operate, interest rates or the general economy, and the degree and nature of our competition. These and other risk factors are more fully discussed in the Company's filings with the Securities and Exchange Commission. Historical results are not indicative of future performance.

EBITDA is defined as net income before interest, taxes, depreciation and amortization. EBITDA yield is defined as trailing twelve month EBITDA divided by the purchase price. A capitalization rate is determined by dividing the property's net operating income by the purchase price. Net operating income is the property's funds from operations minus a capital expense reserve of either 4% or 5% of gross revenues. Hotel EBITDA flow-through is the change in Hotel EBITDA divided by the change in total revenues. EBITDA, FFO, AFFO, CAD and other terms are non-GAAP measures, reconciliations of which have been provided in prior earnings releases and filings with the SEC.

This overview is for informational purposes only and is not an offer to sell, or a solicitation of an offer to buy or sell, any securities of Ashford Hospitality Prime, Inc. or any of its respective affiliates, and may not be relied upon in connection with the purchase or sale of any such security.








Compelling Opportunity

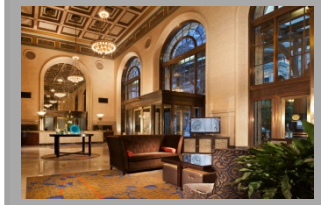














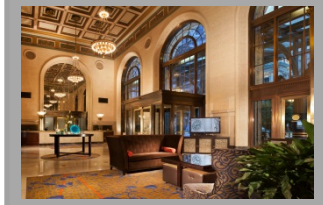
Well-Defined Strategy

- **Invest in luxury hotels located in gateway & resort markets**

- **Conservative leverage with target Net Debt / EBITDA of 5.0x or less**








Compelling Opportunity

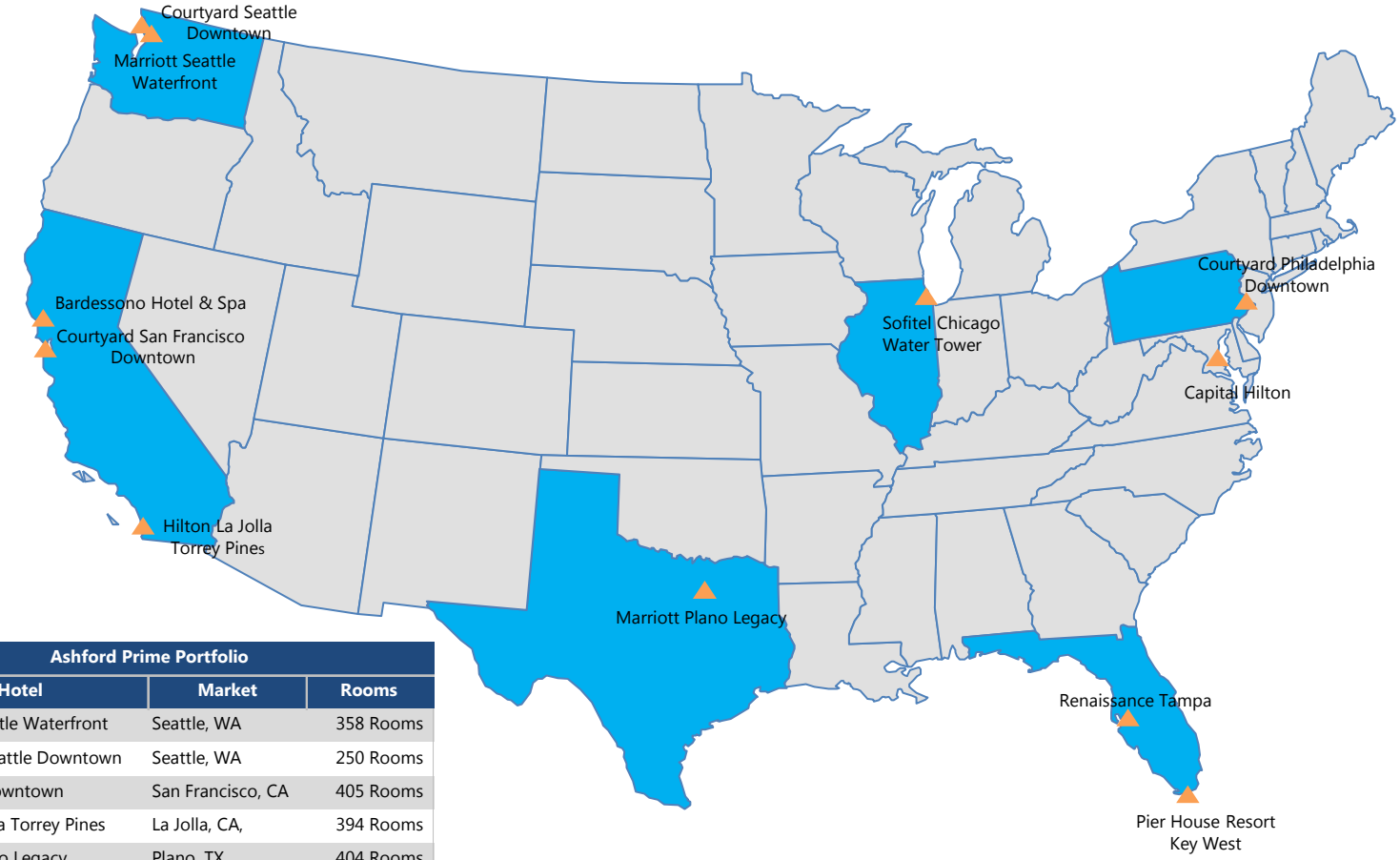
- **Attractive industry fundamentals with demand growth exceeding supply growth**
- **High quality portfolio predominantly located in gateway & resort markets**
- **Low leverage strategy in line with peers**
- **Highly-aligned management team**
- **Portfolio is in great physical condition after recent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








Portfolio

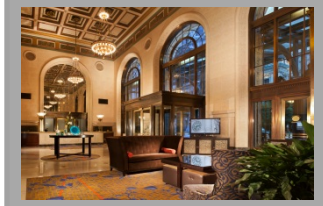


Ashford Prime Portfolio		
Hotel	**Market**	**Rooms**
Marriott Seattle Waterfront	Seattle, WA	358 Rooms
Courtyard Seattle Downtown	Seattle, WA	250 Rooms
Courtyard Downtown	San Francisco, CA	405 Rooms
Hilton La Jolla Torrey Pines	La Jolla, CA,	394 Rooms
Marriott Plano Legacy	Plano, TX	404 Rooms
Sofitel Water Tower	Chicago, IL	415 Rooms
Courtyard Downtown	Philadelphia, PA	498 Rooms
Capital Hilton	Washington, D.C.	544 Rooms
Renaissance International Plaza	Tampa, FL	293 Rooms
Pier House Resort	Key West, FL.	142 Rooms
Bardessono Hotel & Spa	Yountville, CA.	62 Rooms

▲ *Ashford Prime Assets*








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Aligned Management & Strong Performance











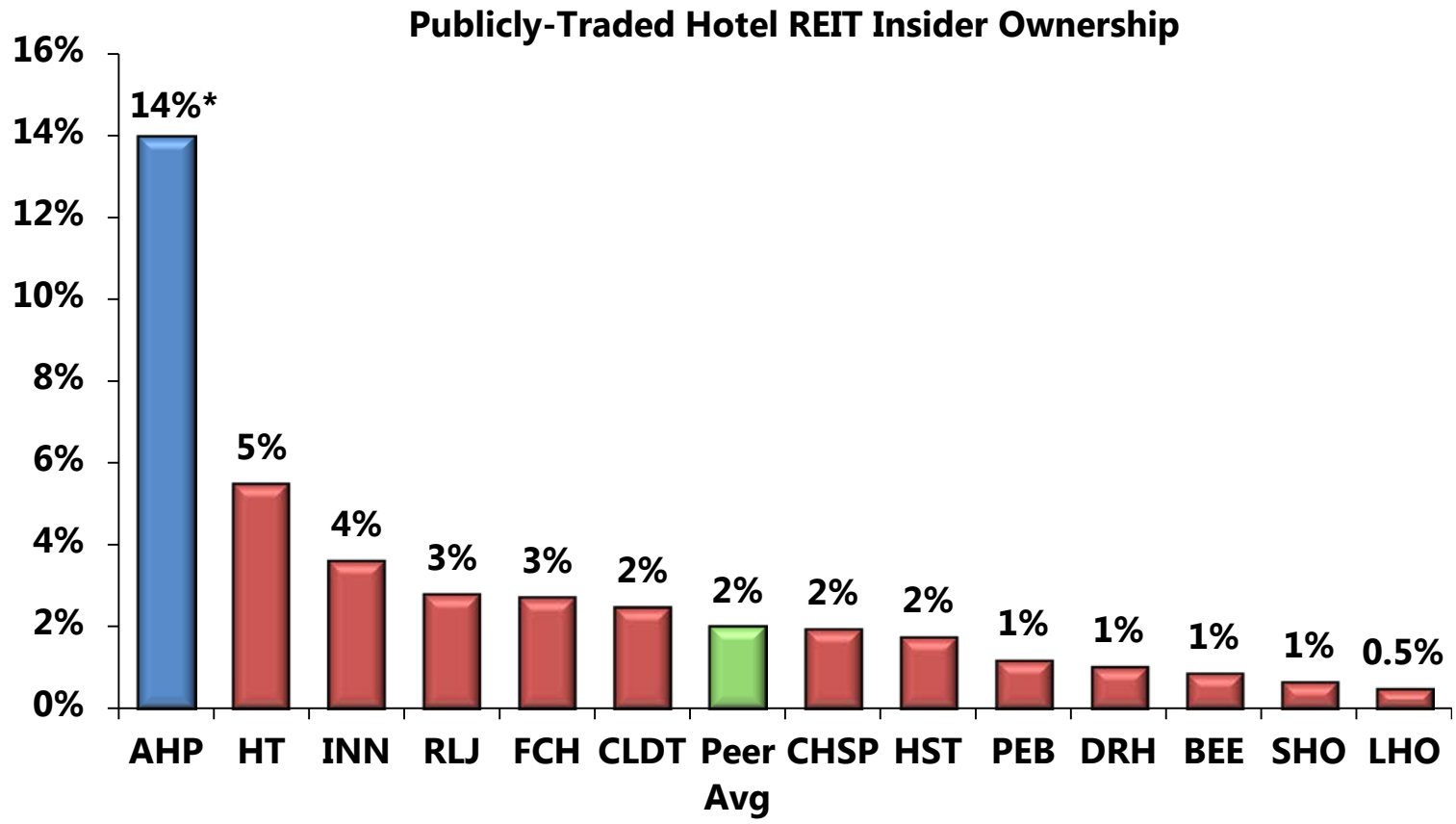




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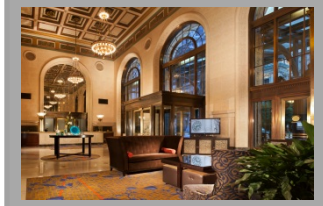
Highly-Aligned Management

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









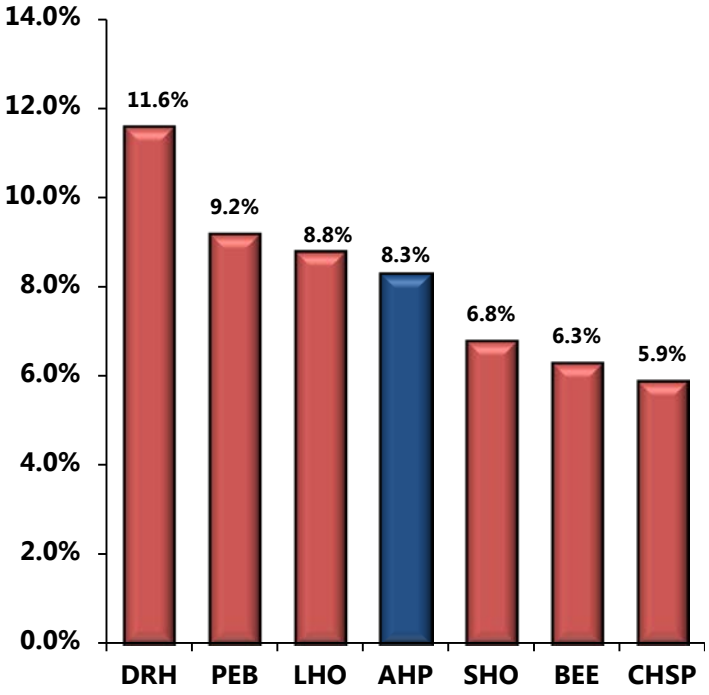

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Public Lodging REITs include: BEE, CHSP, CLDT, DRH, FCH, HST, HT, INN, LHO, PEB, RLJ, SHO
Source: Company filings.
* Insider ownership for Ashford Prime includes direct & indirect interests & interests of related parties

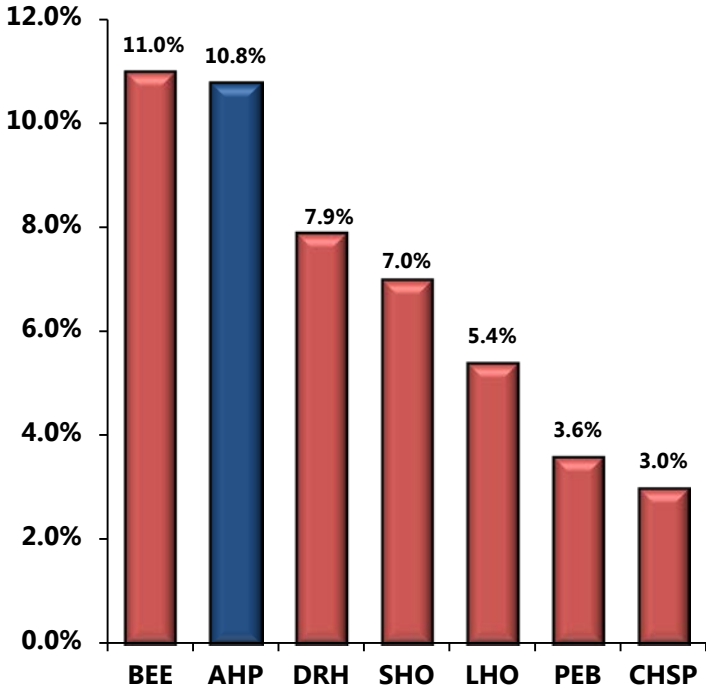
Strong RevPAR Growth

- **Ashford Prime has delivered strong RevPAR growth versus its peers**

FY 2014 RevPAR Growth



Q1 2015 RevPAR Growth









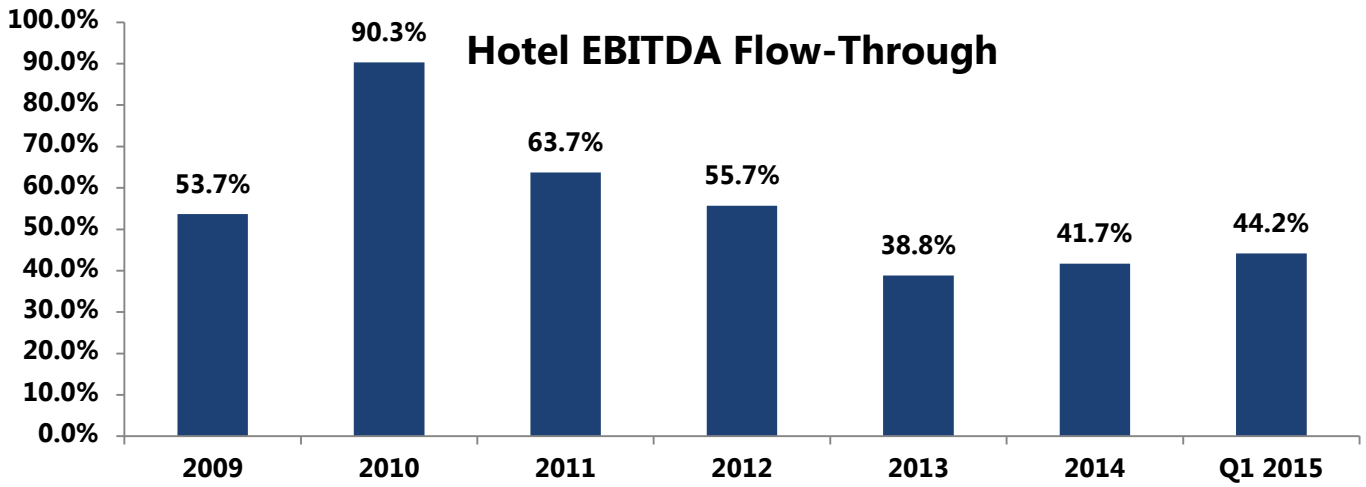






Source: Company filings.

Strong Asset Performance



	2013	2014	Var	Q1 2014	Q1 2015	Var
RevPAR	$158.26	$171.35	**8.3%**	$147.49	$163.35	**10.8%**
Hotel Revenue	$294,250	$314,583	**6.9%**	$70,275	$77,749	**10.6%**
Hotel EBITDA	$96,321	$104,798	**8.8%**	$20,217	$23,523	**16.4%**
EBITDA Flow		**41.7%**			**44.2%**	

The above table assumes the 10 properties owned and included in continuing operations as of March 31, 2015 were owned as of the beginning of each of the periods shown

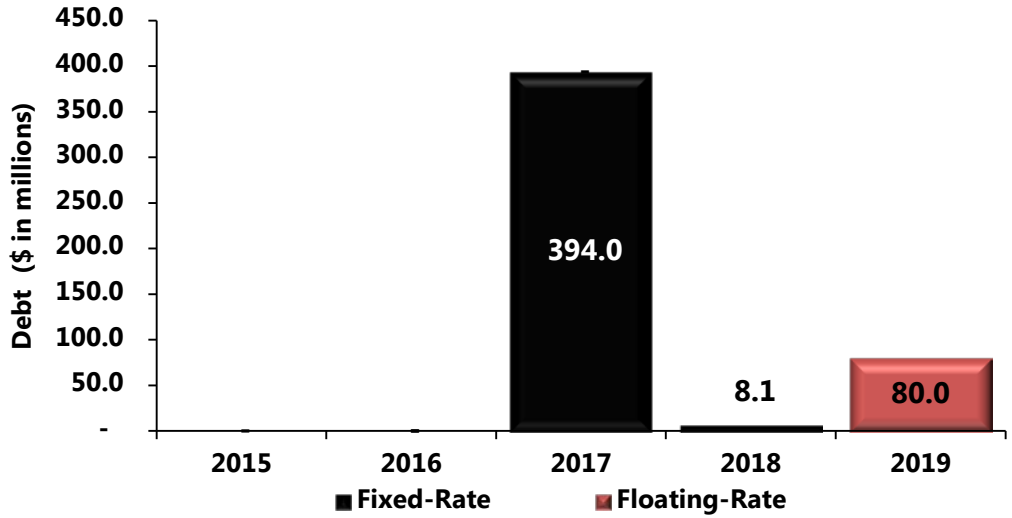


Conservative Capital Structure

Balance Sheet Initiatives

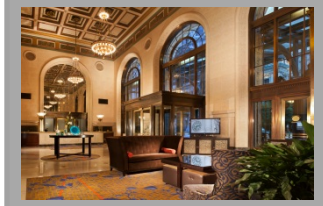
- **Target Net Debt /EBITDA < 5.0x**
- **Maintain mix of fixed and floating rate debt – currently 54.6% fixed/45.4% floating***
- **Ladder debt maturities**
- **All debt is property-level and non-recourse**

Debt Maturities










*As of 3/31/15

Significant Liquidity

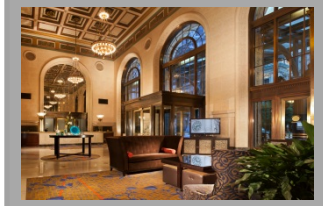
- **Maintain excess cash balance to capitalize on opportunities**
- **Significant additional value through net working capital balance**

Net Working Capital [1] [2]	$ in millions
Cash and cash equivalents	$158.3
Restricted cash	25.8
Accounts receivable, net	12.4
Prepaid expenses	3.4
Due from affiliates, net	(1.9)
Due from 3rd party hotel managers, net	5.4
Total current assets	**$203.4**
Accounts payable, net & accrued expenses	$26.8
Dividends payable	1.4
Total current liabilities	**$28.2**
Net working capital	**$175.2**

Enterprise Value	$ in millions except per share data
Stock Price (as of 7/6/15)	$15.24
Fully diluted shares outstanding (mm) [2]	32.4
Equity value	**$493.8**
Debt [1] [2]	715.0
Total Market Capitalization	**$1,208.8**
Less: Net working capital [1] [2]	(175.2)
Total Enterprise Value	**$1,033.6**








(1) Ashford Prime's pro rata share
(2) As of 3/31/15

Strong Industry Fundamentals









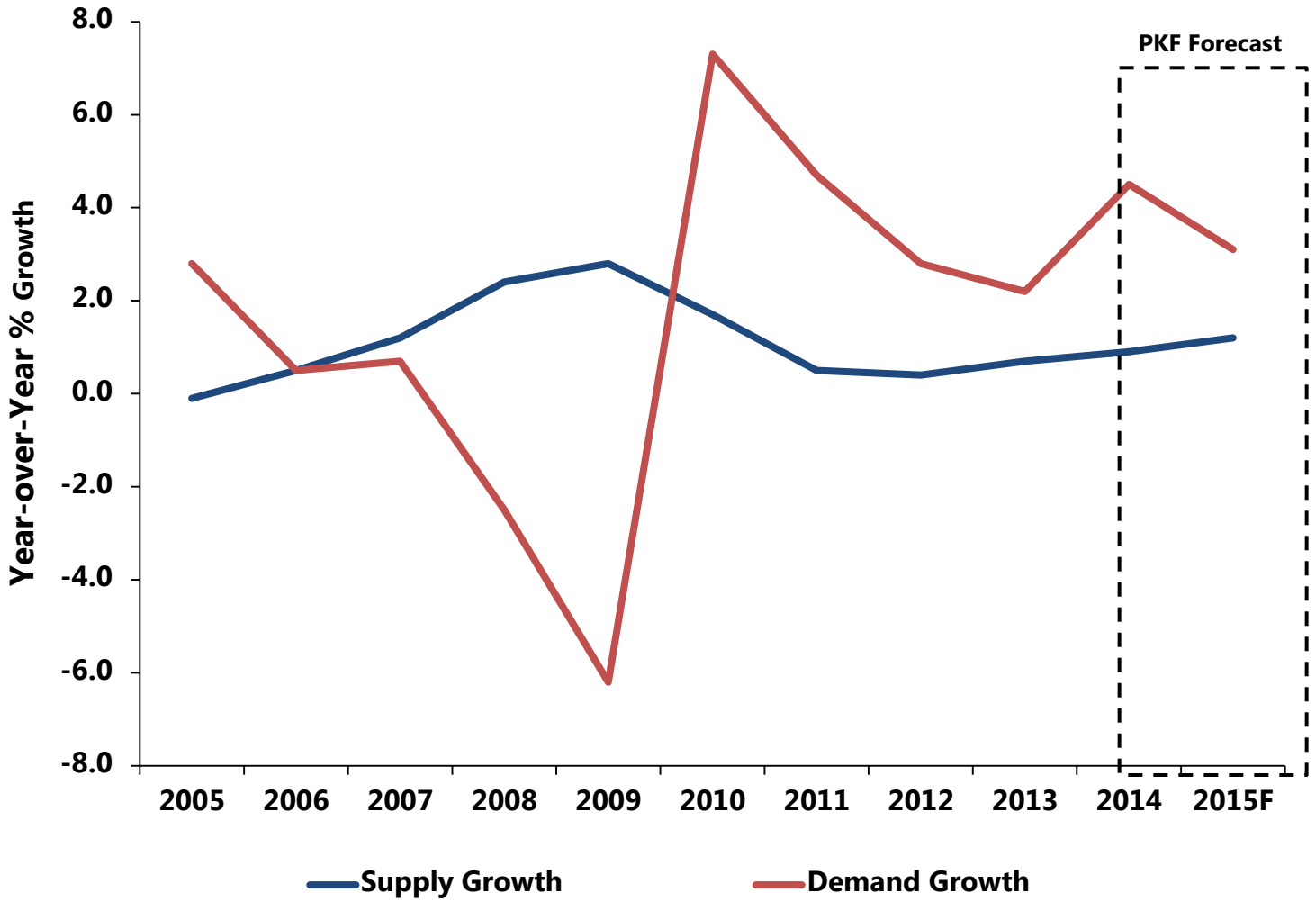






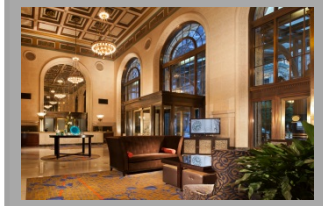
Attractive Supply/Demand Imbalance

- **Demand expected to exceed supply through at least 2015**



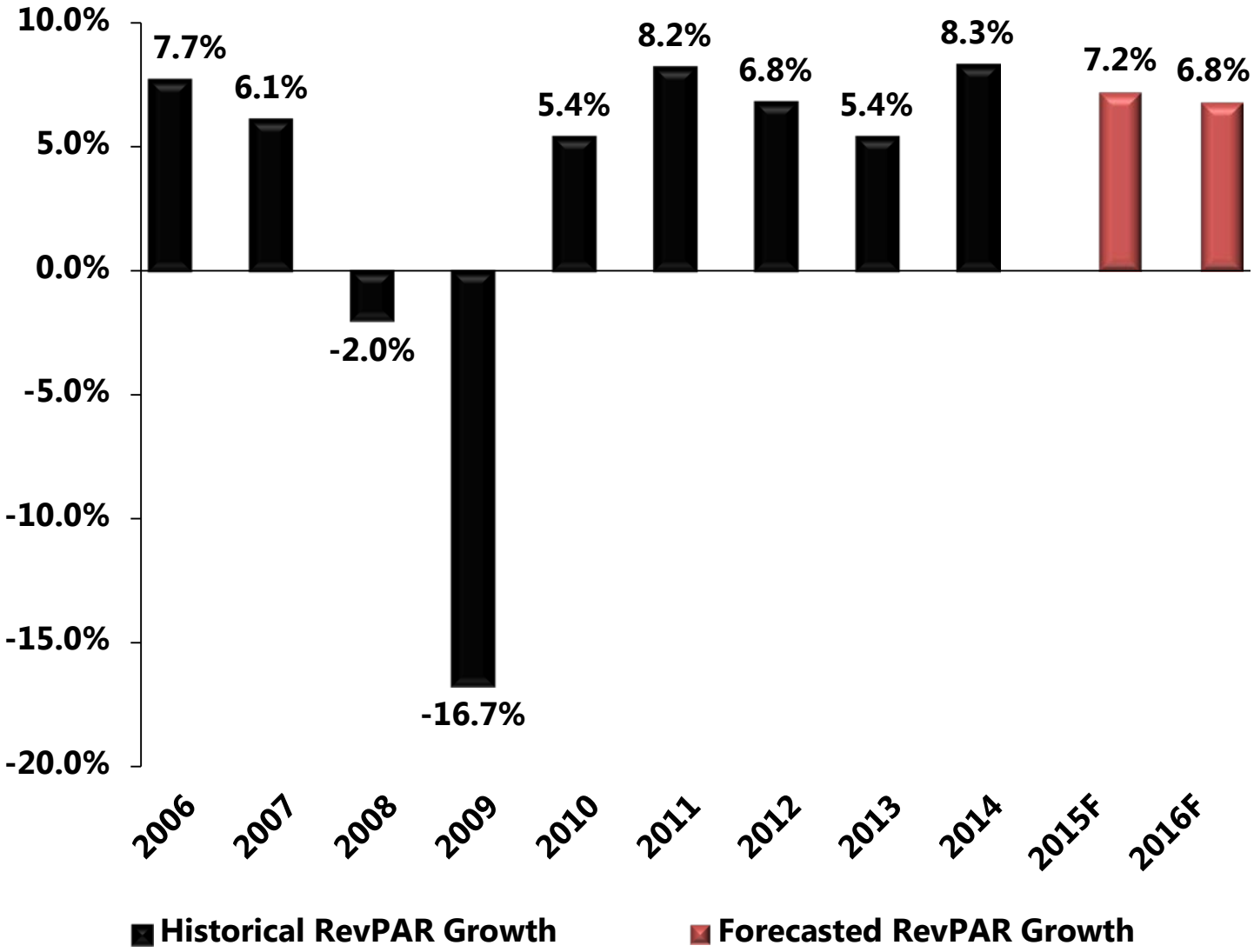







Source: PKF

PKF RevPAR Growth Forecasts















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Source: PKF

Potential Industry EBITDA Growth Rates

- **With strong potential RevPAR gains, those companies with reasonable flow-throughs could experience significant EBITDA growth**
- **PKF estimates 2-year cumulative EBITDA growth of about 29%***

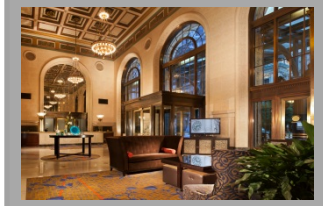
CUMULATIVE 2-YEAR EBITDA GROWTH

2-YEAR EBITDA FLOW %	COMPOUNDED 2-YEAR REVPAR GROWTH RATE				
	6.0%	6.5%	7.0%	7.5%	8.0%
20.0%	10.7%	11.2%	11.6%	12.0%	12.4%
25.0%	13.4%	14.0%	14.5%	15.0%	15.6%
30.0%	16.1%	16.7%	17.4%	18.0%	18.7%
35.0%	18.8%	19.5%	20.3%	21.0%	21.8%
40.0%	21.5%	22.3%	23.2%	24.0%	24.9%
45.0%	24.2%	25.1%	26.1%	27.0%	28.0%
50.0%	26.8%	27.9%	29.0%	30.1%	31.1%
55.0%	29.5%	30.7%	31.9%	33.1%	34.2%
60.0%	32.2%	33.5%	34.8%	36.1%	37.3%
65.0%	34.9%	36.3%	37.7%	39.1%	40.5%
70.0%	37.6%	39.1%	40.6%	42.1%	43.6%

*Based on PKF RevPAR/ADR/Occupancy projections and EBITDA growth resulting from PKF EBITDA change regression equation.

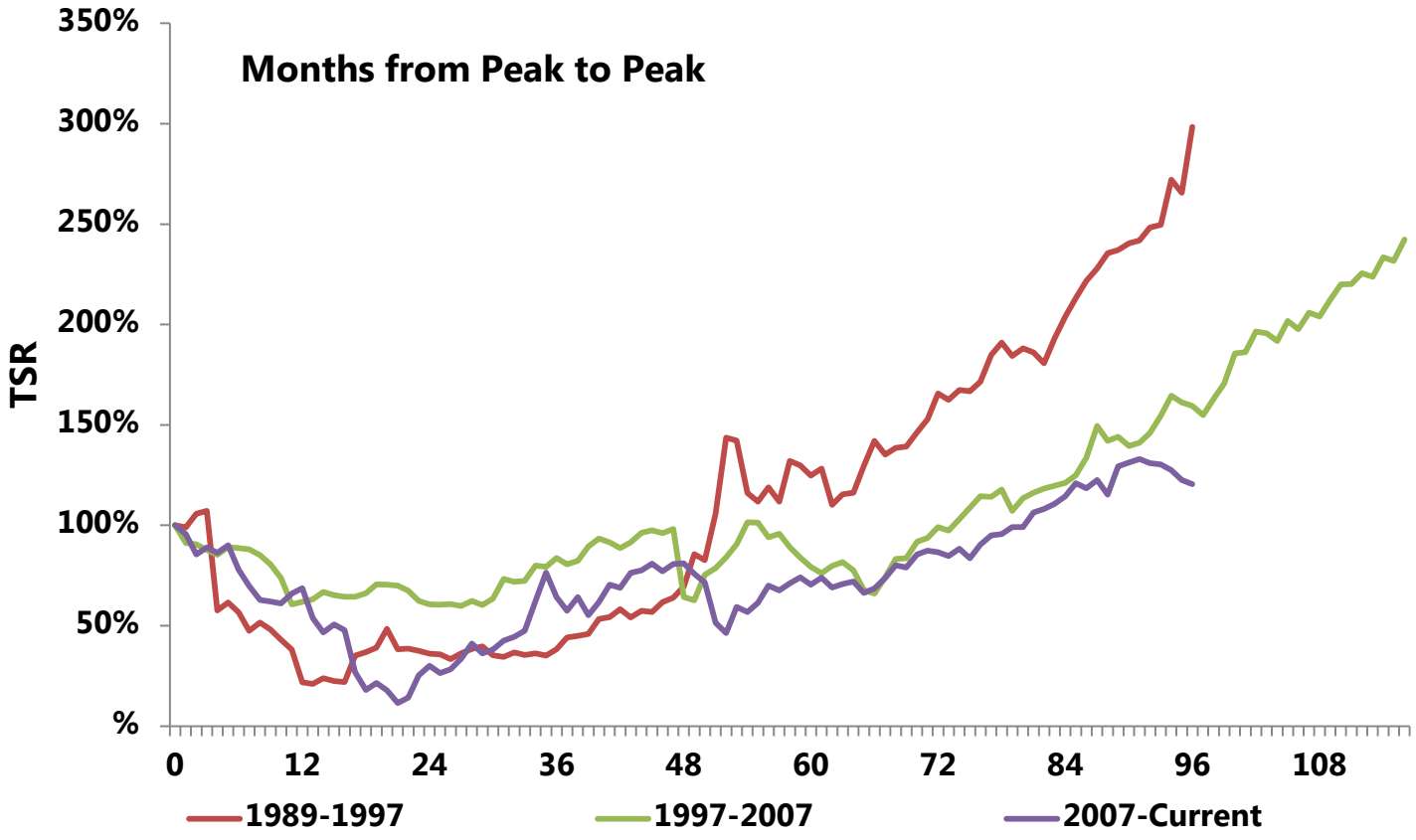




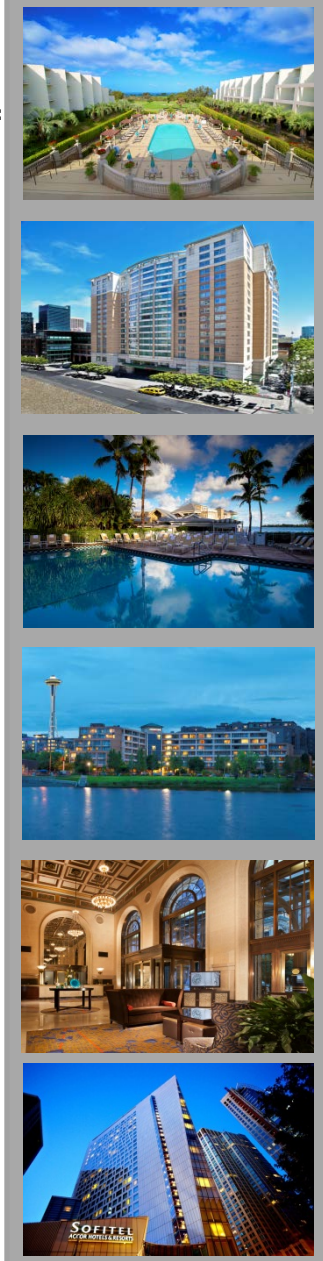



Historical Industry Stock Returns

- **Historically, attractive returns remain for investors from this point in the lodging cycle**



Index includes AHT, BEE, DRH, FCH, HST, HT, LHO, and SHO.
Companies are included in the data from the time of their IPO
Current data as of May 31, 2015



Growth & Acquisition Strategy

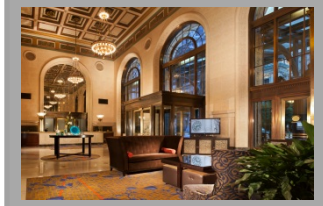














Growth & Acquisition Strategy

- **Highly quantitative approach focused on long-term accretion**
- **Proven track record of value-creating acquisitions**
- **Disciplined capital allocation**
- **Multiple ways to grow platform:**
  - **Unique built-in pipeline via right-of-first-offer hotels from Ashford Trust**
  - **Targeted acquisitions consistent with investment guidelines**
  - **Internal growth from asset performance**





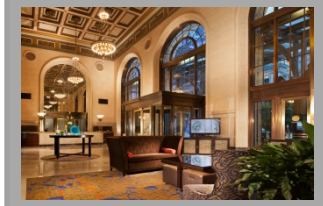



Ashford Prime Recent Developments

- Q1 2015 RevPAR up 10.8%, Hotel EBITDA up 16.4% and EBITDA flow-through was 44%
- Q1 2015 marks three consecutive quarters of double-digit RevPAR growth
- In May, the Company announced a 100% increase in its common dividend
- Recently announced the acquisition of the Bardessono Resort in Napa, including the contribution of "key money" from Ashford Inc.
- Recently announced the closing of a $65 million private placement of convertible preferred stock in a 144A offering








Bardessono Resort Transaction





Property Information:

- Location: Yountville, CA (Napa Valley)
- Rooms: 62
- Year Built: 2009
- 6,065 sf of meeting space
- Leasehold; 7 one- and two-story buildings
- Segmentation: 80% transient; 20% group

Acquisition Overview:

- Purchase Price: $85 million
- Purchase Price/Key: $1,370,000
- RevPAR of $551* vs. AHP Portfolio RevPAR of $176*
- Excellent location in heart of Napa Valley
- High quality asset with attractive contemporary design and minimal capex needs

Property Highlights:

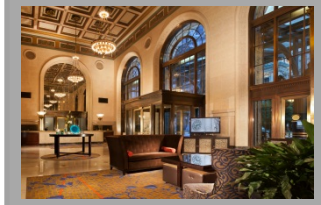
- Premier asset in Napa Valley, one of the strongest and most desirable markets in the country with very high barriers to entry and minimal new supply
- Located in "Culinary Capital of Napa Valley" - Yountville has earned more Michelin stars per capita than anywhere else in U.S.
- Recently built in 2009 to the highest quality standards, the property is in excellent physical condition
- California's first and only LEED Platinum certified hotel
- Trip Advisor ranked hotel #3 luxury hotel in U.S., #4 romantic hotel in the U.S and overall #3 hotel in U.S. for 2015
- Will install Remington Lodging as property manager to continue to drive strong operating performance at the property









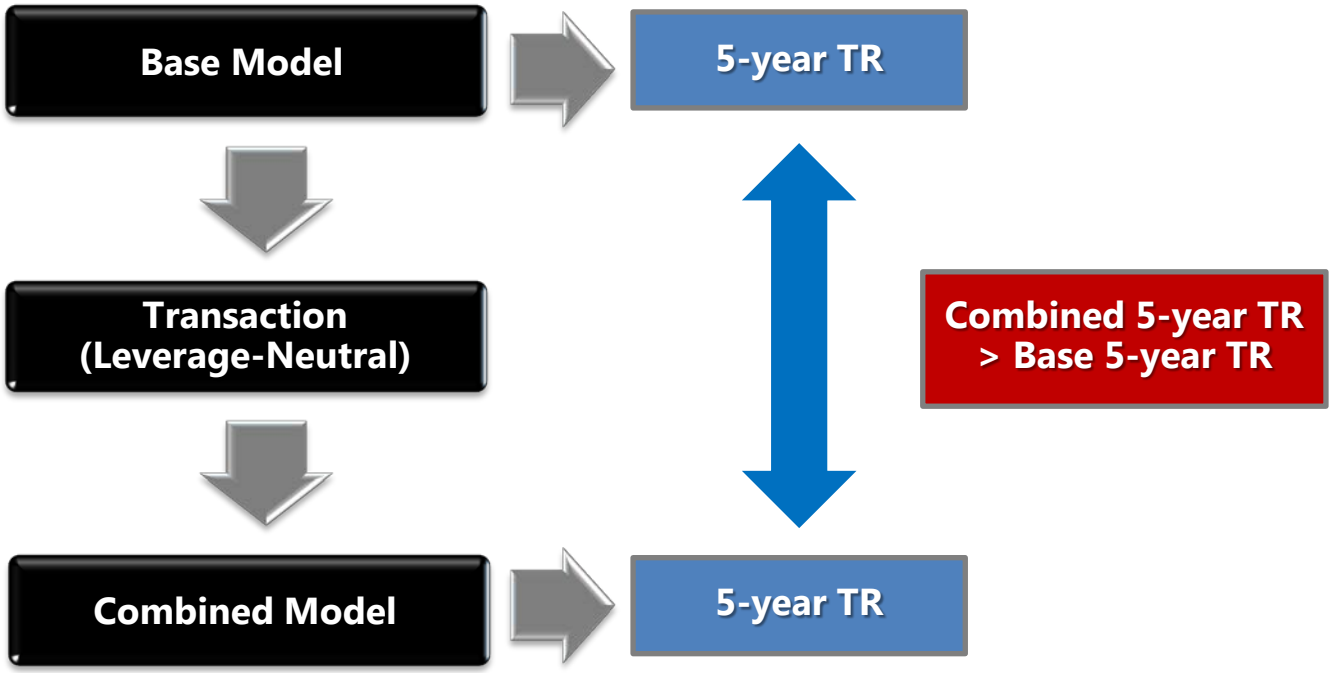




*TTM through 4/30/15

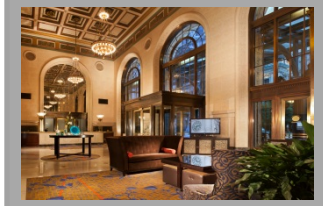
Accretive Growth

- Ashford Prime management is focused on accretive growth
- Our definition of accretion: the 5-year Total Return (TR) post-transaction must be greater than the 5-year Total Return pre-transaction
- Transactions are modeled on a leverage-neutral basis


















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