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HOSPITALITY PRIME







Investor & Analyst Day – October 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.

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.

Management Team Attending



Monty J. Bennett
Chairman & Chief Executive Officer
Ashford/Predecessor Experience: 26 yrs



Douglas A. Kessler
President
Ashford/Predecessor Experience: 13 yrs



Deric S. Eubanks
Chief Financial Officer
Ashford Experience: 12 yrs



Jeremy J. Welter
EVP – Asset Management
Ashford/Remington Experience: 10 yrs



J. Robison Hays III
Chief Strategy Officer
Ashford Experience: 10 yrs



David A. Brooks
Chief Operating Officer & General Counsel
Ashford/Predecessor Experience: 23 yrs

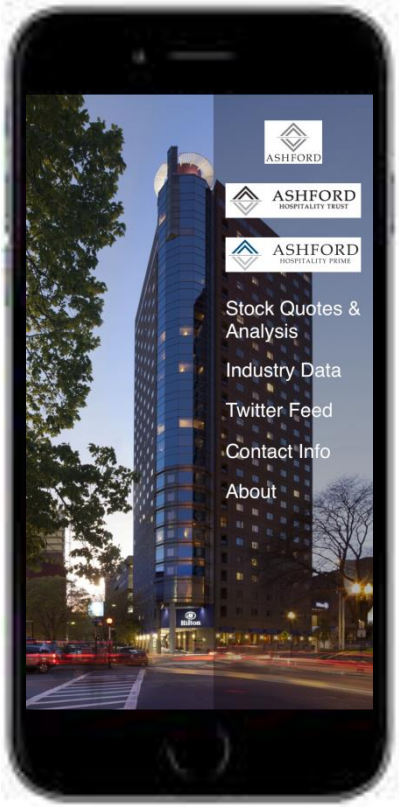
Investor Day Timeline

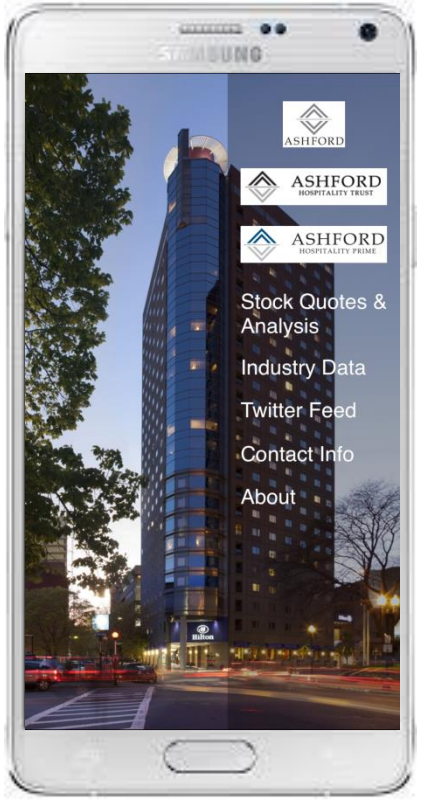
Speaker	Subject	Time
	**Vision** *Monty J. Bennett, Chairman & Chief Executive Officer*	**10:30 am – 10:45 am**
	**Strategy Execution** *Douglas A. Kessler, President*	**10:45 am – 10:55 am**
	**Asset Management** *Jeremy J. Welter, EVP – Asset Management*	**10:55 am – 11:10 am**
	**Balance Sheet Overview** *Deric S. Eubanks, Chief Financial Officer*	**11:10 am – 11:20 am**
	Ashford Hospitality Prime Q&A **Optional Lunch with Management**	**11:20 am – 11:30 am** **11:30 am – 12:30 pm**

Ashford on Mobile & Social Media

Follow Chairman and Chief Executive Officer, Monty J. Bennett, on Twitter at www.twitter.com/MBennettAshford or @MBennettAshford

The Ashford App is now available for free download at Apple's App Store and Google Play Store by searching "Ashford"





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Vision – Monty Bennett, *Chairman & CEO*



Bardessono Hotal & Spa
Yountville, CA

Ashford Hospitality Prime Vision

VISION

- Well defined strategy investing in luxury hotels in gateway and resort markets
- Simple and straightforward investment profile
- Grow platform through accretive acquisitions of high quality assets
- Grow organically through strong revenue initiatives
- Maintain conservative capital structure with target Net Debt / EBITDA of 5.0x or less
- Maintain highly-aligned management team and organizational structure
- Continue to take steps to improve shareholder value and increase total shareholder return







Strategic Alternatives Update

- In August, the Company announced a plan to explore a full range of strategic alternatives including a possible sale of the Company
- Independent directors engaged Deutsche Bank as advisors
- Board is discussing all possible strategic alternatives to maximize value for shareholders
- No timetable has been set on finalizing any strategic alternative decision

Recent Developments

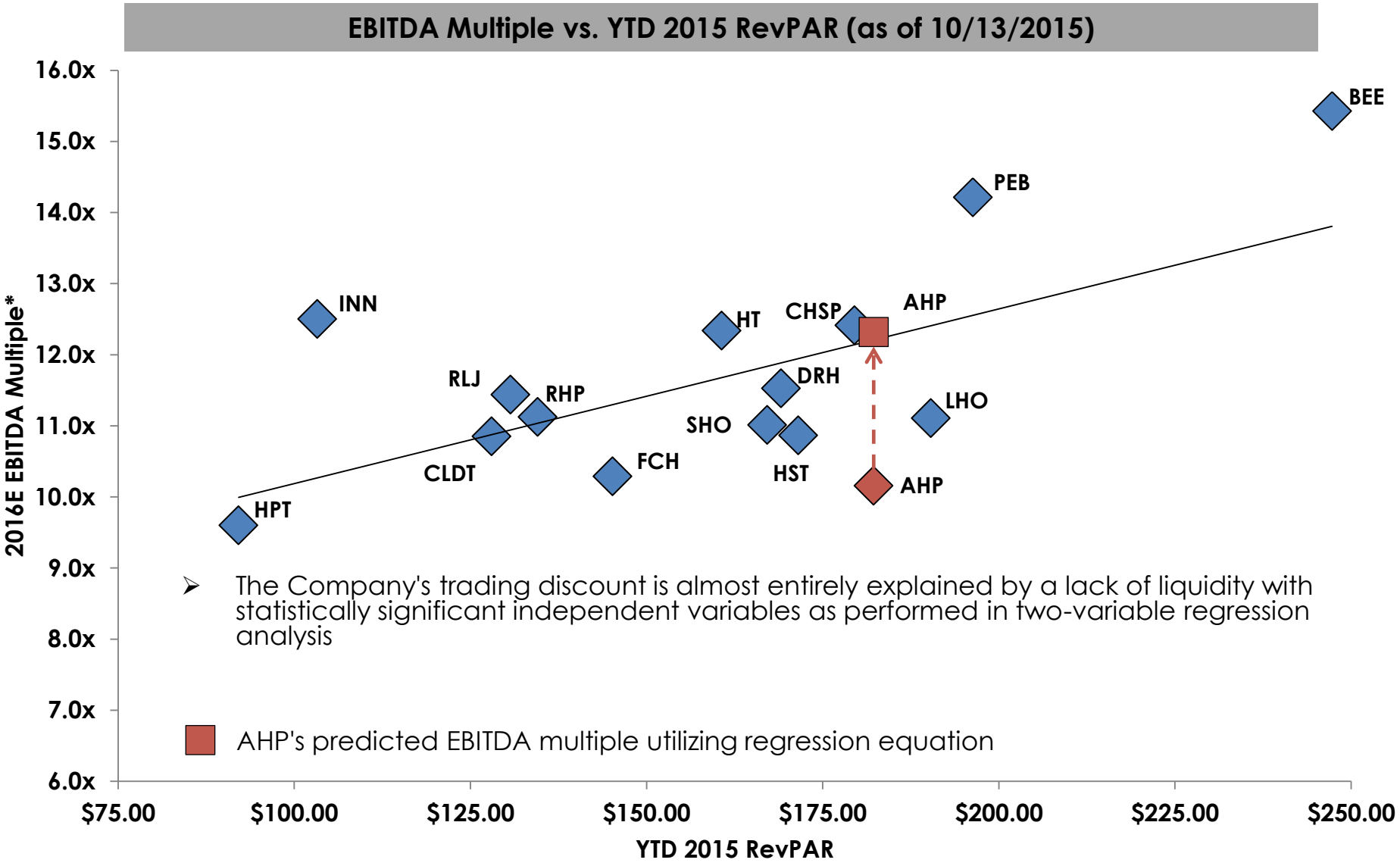
- **Acquisition of the Bardessono Hotel & issuance of convertible preferred equity**
  - Very high quality asset in high demand market with high barriers to entry
  - Enabled us to grow the portfolio without raising dilutive equity

- **Amendments to Advisory Agreement with Ashford, Inc.**
  - Receive key money ($2 million thus far)
  - Termination right without fee upon Advisor CoC
  - Shorten initial term of agreement
  - Reduction in base fee amount

- **Purchase of approximately 175,000 shares of Ashford, Inc. common stock**
  - Executed strategic goal of increased alignment for AHP
  - AHP shareholders will participate in the economics of the Advisor
  - Opportunistic transaction given growth profile
  - Belief in long-term value of AINC

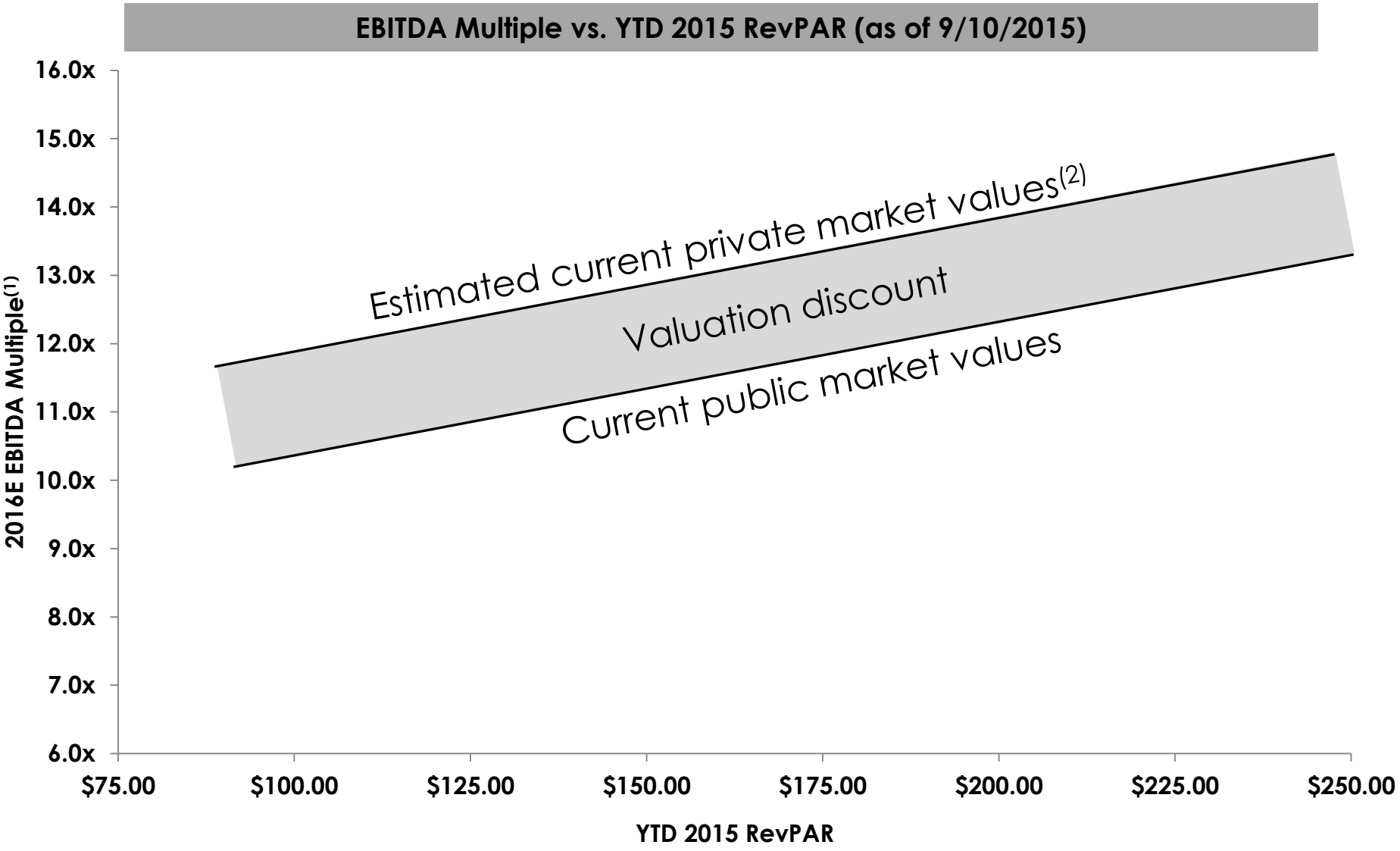
- **Termination fee clarification**

Relative Trading



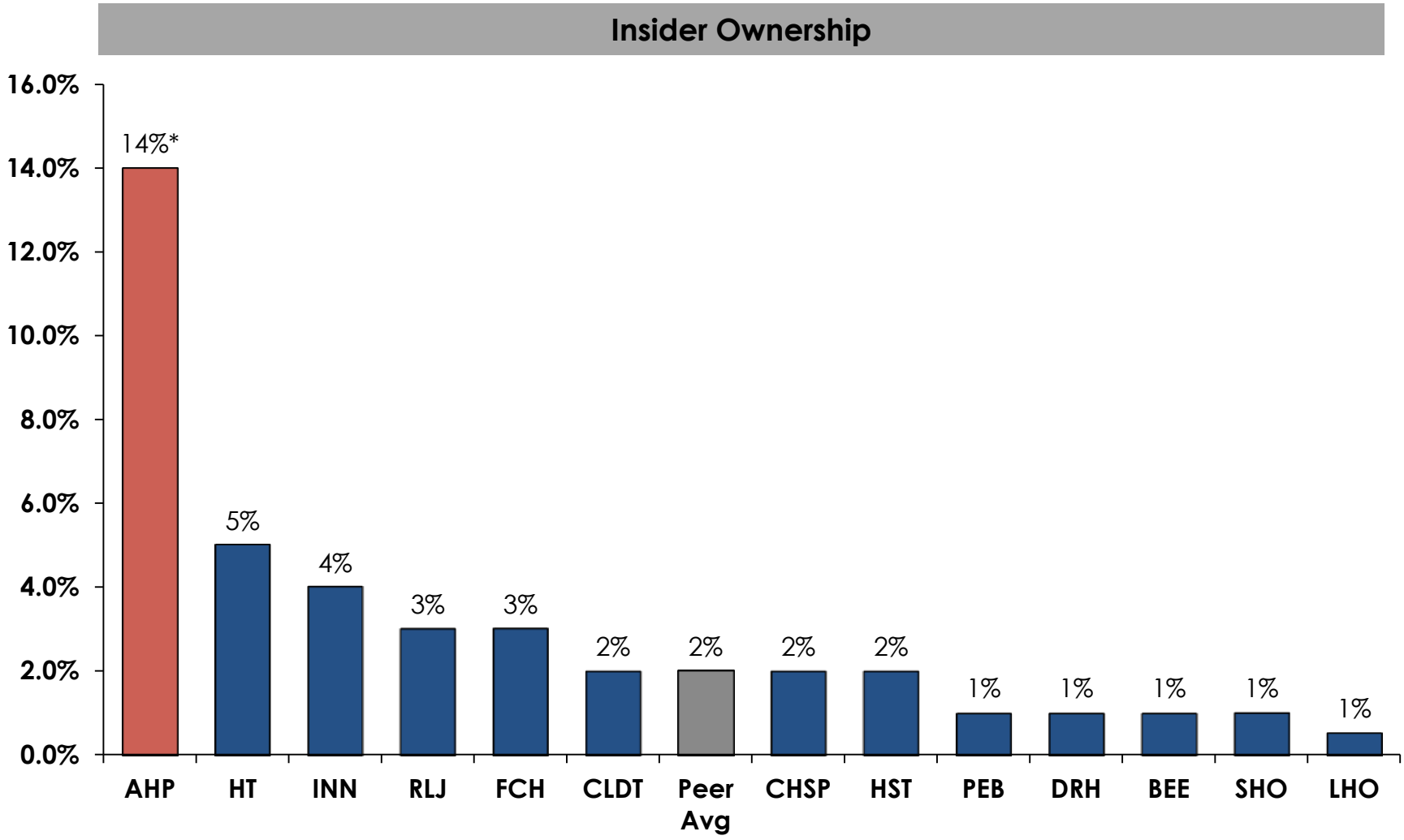
*Based on consensus 2016 EBITDA estimates
Source: Thomson, SNL & company filings

Discount to Private Market Values



(1) Based on consensus 2016 EBITDA estimates
(2) Based on Cannacord Genuity Research: REITs Lodging (September 10, 2015)
Source: ThomsonOne, SNL & company filings

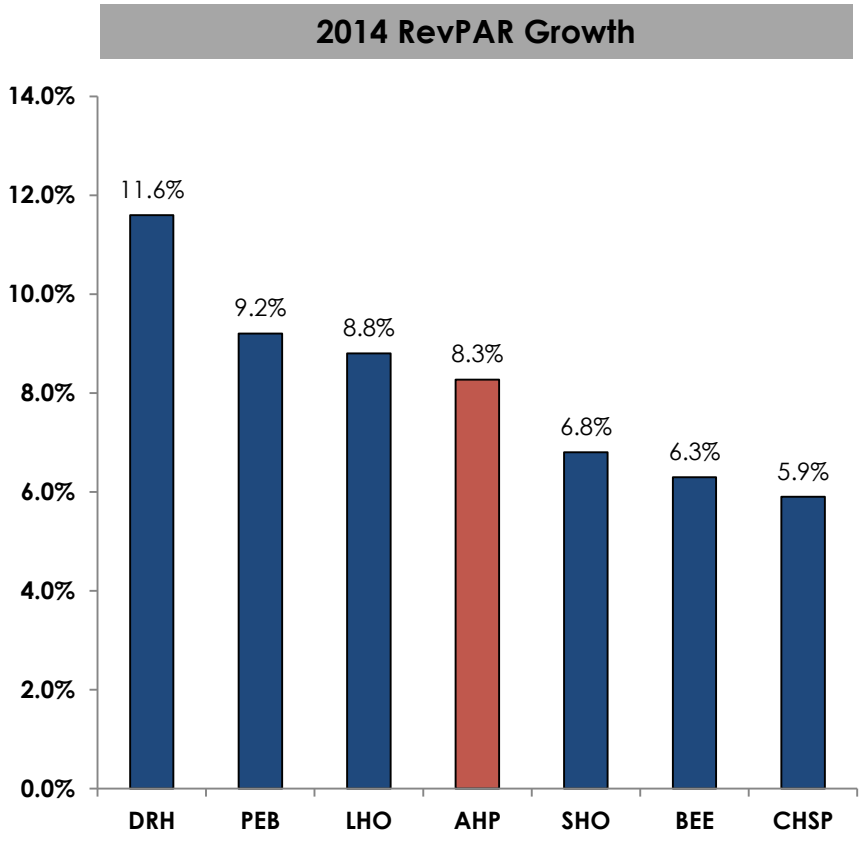
Highest Insider Ownership

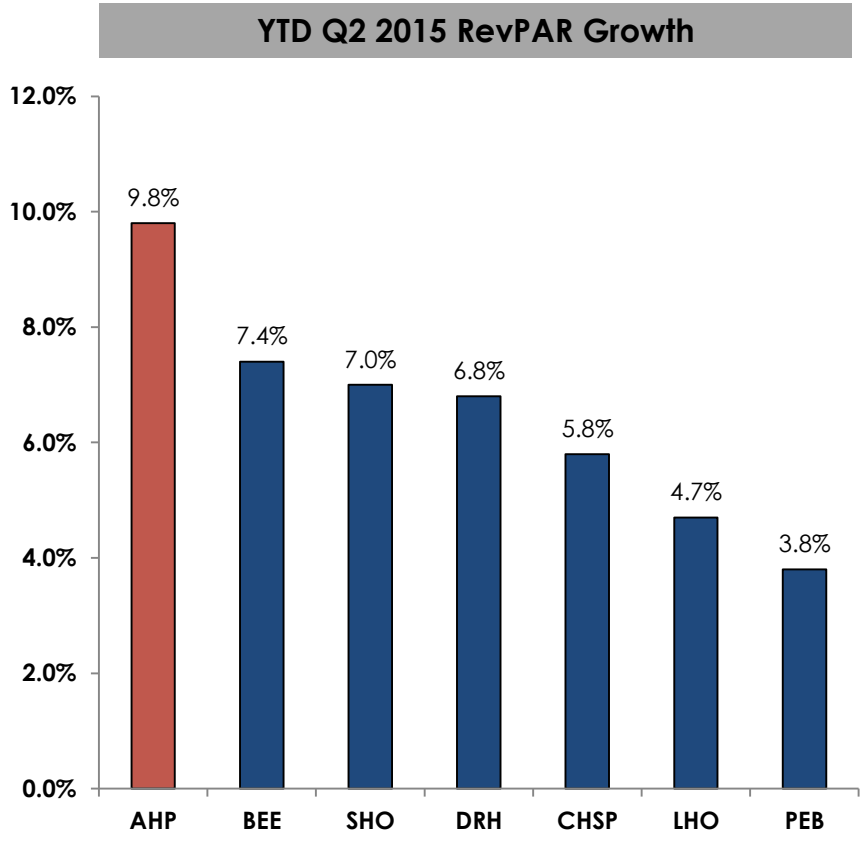


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Public Lodging REITs include: BEE, CHSP, CLDT, DRH, FCH, HST, HT, INN, LHO, PEB, RLJ, SHO
Source: Company filings.
** Insider ownership for Ashford Prime includes direct & indirect interests & interests of related parties*

Asset Performance





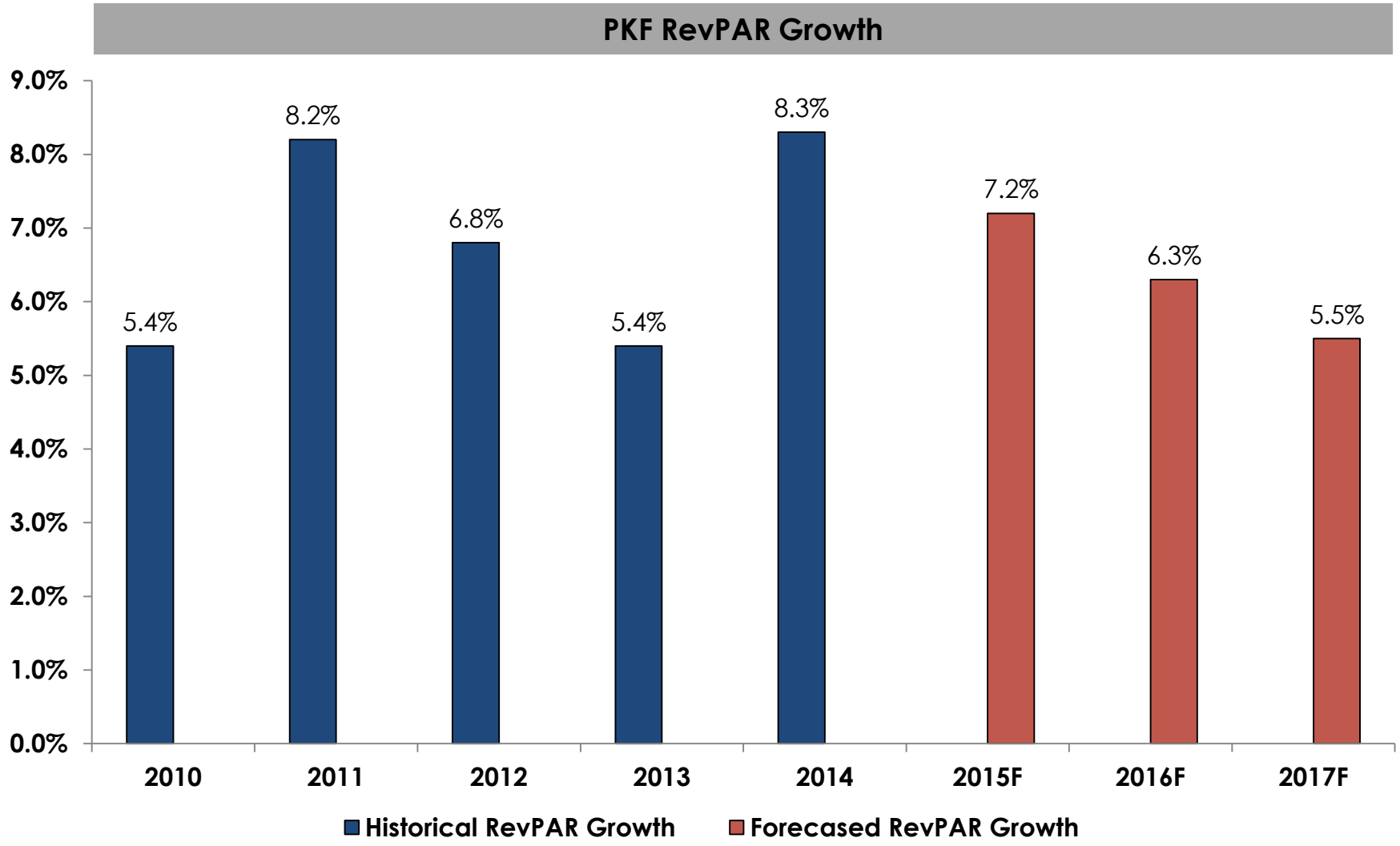
Source: Company filings

Shareholder Alignment

- History
  - Remington involvement

Peers	Ashford Prime
Incentivized to grow	Incentivized to outperform
No sizeable share repurchases	Significant share repurchases
Low insider ownership	High insider ownership
Reluctance to monetize	Willingness to monetize
Internal	External or internal

PKF RevPAR Growth Forecasts



Future Potential Growth

CUMULATIVE 2-YEAR EBITDA GROWTH

2-YEAR EBITDA FLOW %	COMPOUNDED 2-YEAR REVPAR GROWTH RATE				
	5.0%	**5.5%**	**6.0%**	**6.5%**	**7.0%**
20.0%	8.2%	9.0%	9.9%	10.7%	11.6%
25.0%	10.3%	11.3%	12.4%	13.4%	14.5%
30.0%	12.3%	13.6%	14.8%	16.1%	17.4%
35.0%	14.4%	15.8%	17.3%	18.8%	20.3%
40.0%	16.4%	**18.1%**	**19.8%**	**21.5%**	23.2%
45.0%	18.5%	**20.3%**	**22.2%**	**24.2%**	26.1%
50.0%	20.5%	**22.6%**	**24.7%**	**26.8%**	29.0%
55.0%	22.6%	**24.9%**	**27.2%**	**29.5%**	31.9%
60.0%	24.6%	**27.1%**	**29.7%**	**32.2%**	34.8%
65.0%	26.7%	29.4%	32.1%	34.9%	37.7%
70.0%	28.7%	31.6%	34.6%	37.6%	40.6%

Key Takeaways

- **Focus on increasing shareholder value with review of strategic alternatives**
- **High quality portfolio**
- **Simple, focused strategy on luxury hotels**
- **Strong management team with a long track record of creating shareholder value**
- **Highly-aligned platform through management structure and high insider ownership**
- **Strong industry fundamentals**

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Strategy Execution – Douglas Kessler, *President*



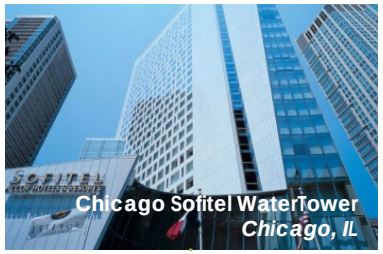
Maximizing Shareholder Value

- Consistently committed to maximizing shareholder value including the following initiatives:
  - Doubled common dividend to $0.10 per share in Q2 2015
  - $65 million convertible preferred equity raise at $18.90 conversion price
  - Accretive acquisition of the luxury Bardessono Hotel & Spa in Q3 2015 with use of "key-money" from Ashford, Inc.
  - Best in class asset management team with strong history of organic value creation
  - Review of strategic alternatives to improve shareholder value

High Quality Portfolio

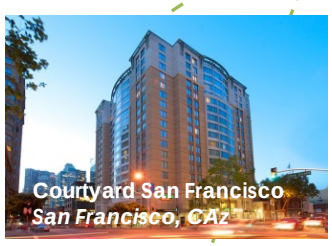








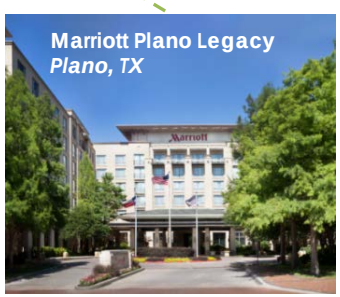




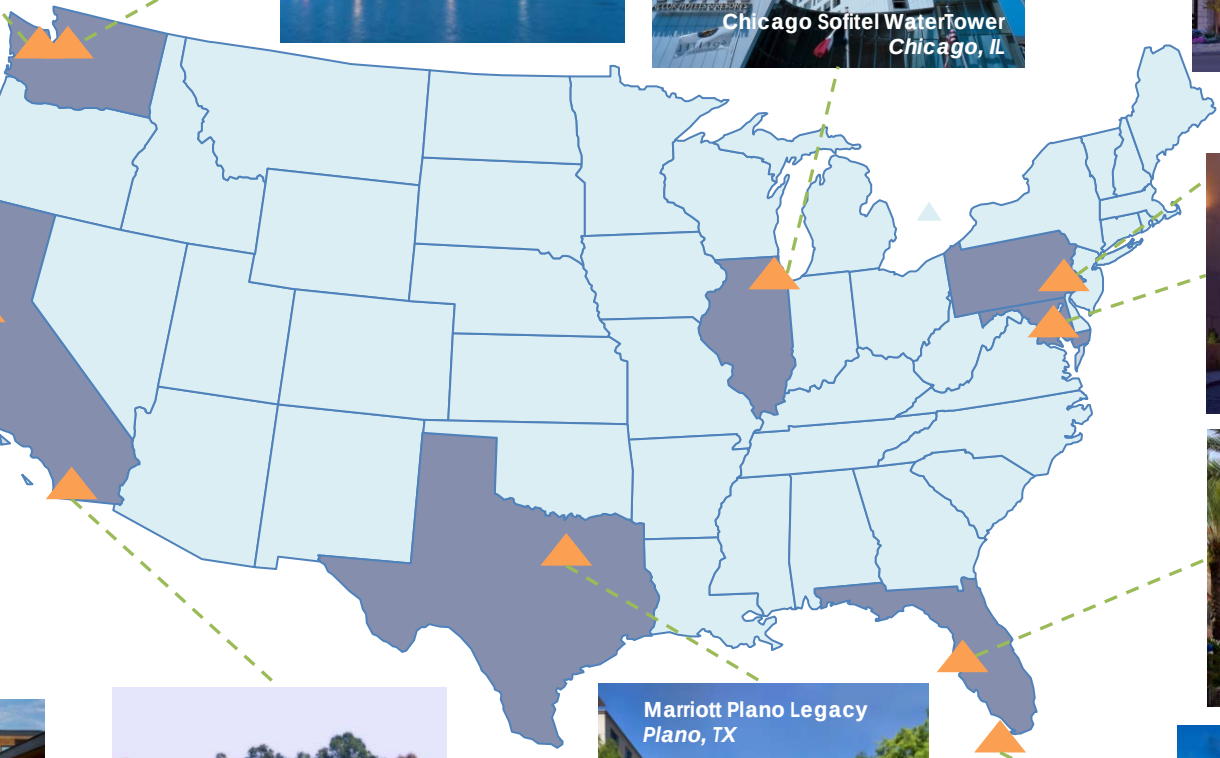












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▲ *Ashford Prime Hotels*

Portfolio Overview

	Location	Number of Rooms	TTM ADR[1]	TTM Occ. [1]	TTM RevPAR[1]	TTM Hotel EBITDA[1]	% of Total	RevPAR Index[1]
Courtyard Philadelphia Downtown	Philadelphia, PA	499	$171.98	82.8%	$142.34	$12,316	10.6%	120%
Marriott Plano Legacy	Dallas, TX	404	$186.79	69.7%	$130.18	$10,743	9.3%	134%
Courtyard San Francisco Downtown	San Francisco, CA	405	$261.37	92.2%	$241.09	$13,671	11.8%	106%
Courtyard Seattle Downtown	Seattle, WA	250	$189.88	80.1%	$152.07	$6,310	5.4%	111%
Marriott Seattle Waterfront	Seattle, WA	358	$251.33	81.4%	$204.61	$14,103	12.2%	115%
Renaissance Tampa	Tampa, FL	293	$167.01	81.3%	$135.70	$5,875	5.1%	130%
Capital Hilton	Washington D.C.	550	$221.97	85.4%	$189.54	$16,219	14.0%	110%
Hilton Torrey Pines	La Jolla, CA	394	$185.69	86.0%	$159.74	$12,820	11.1%	106%
Chicago Sofitel Water Tower	Chicago, IL	415	$227.18	80.8%	$183.48	$9,902	8.5%	97%
Pier House Resort	Key West, FL	142	$391.96	88.0%	$344.98	$9,361	8.1%	102%
Bardessono Hotel	Napa Valley, CA	62	$694.94	80.1%	$556.82	$4,560	3.9%	107%
Total Portfolio		**3,772**	**$224.20**	**82.6%**	**$185.22**	**$115,880**	***100.0%***	**111%**

- High quality portfolio with total ADR and RevPAR of $224 and $185, respectively for the TTM period
- High performing portfolio with total occupancy of 83%
- High market share portfolio with a total RevPAR index of 111%
- Geographically diversified portfolio located in strong markets
- Highest TripAdvisor ranking among publicly-traded Hotel REITs[2]

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(1) As of June 30, 2015 for 11 owned hotels as of October 20, 2015
(2) Wells Fargo Securities Research; Lodging: TripAdvisor Rankings (September 4, 2015)
Note: Hotel EBITDA in thousands

Investment Strategy

Investment Strategy

- Luxury hotels
- Gateway and resort markets
- Disciplined capital allocation
- Lower leverage

Competitive Advantage

- Material impact of one acquisition to portfolio given size
- Market knowledge given existing presence across all Ashford companies
- Opportunity for best in class Remington property management
- Closing capability, speed, and industry relationships
- Proven track record of value creating transactions

Recent Acquisition – Bardessono Hotel

Acquisition Highlights

- Premier asset in Napa Valley
- One of the strongest and most desirable lodging markets in the U.S. with very high barriers to entry and minimal new supply
- Extraordinary RevPAR of over $550
- The only California LEED Platinum certified hotel was built in 2009 and is in outstanding physical condition with minimal capex needs
- Consistent with the Company's luxury hotel investment profile






Investment Thesis

- Value-add opportunity for Remington property management
- Potential development of 2 - 3 luxury villas
- Attractive, high-demand Napa Valley resort location
- Increases total portfolio RevPAR
- New market increases earnings quality and diversifies earnings stream

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Asset Management – Jeremy Welter, *EVP*



Pier House Resort
Key West, FL

Asset Management Overview

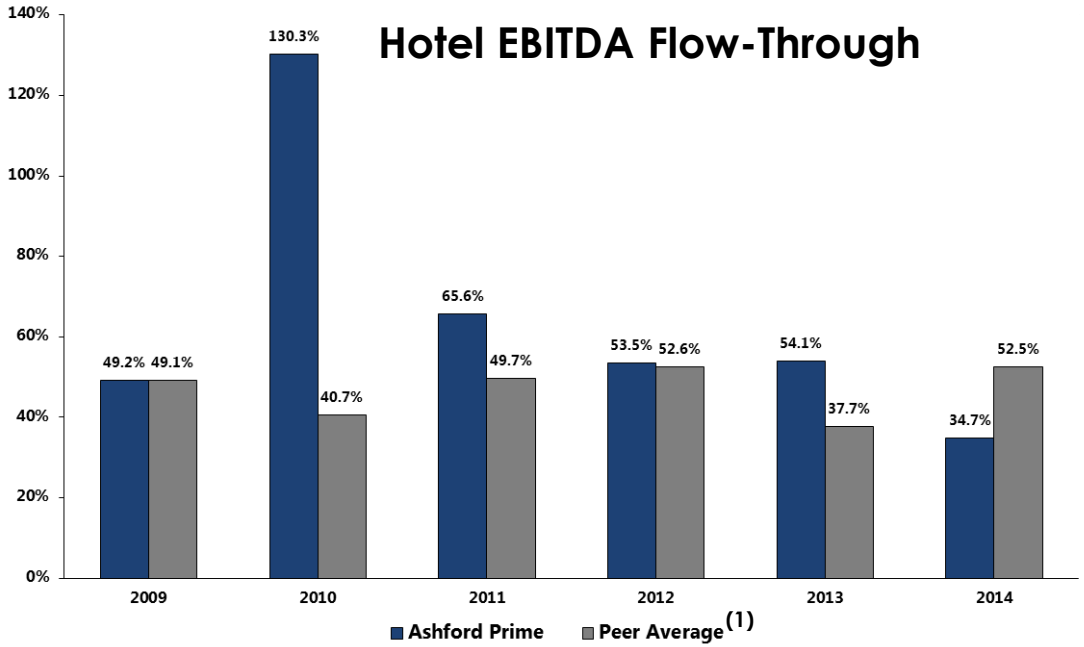
Strong Operational Performance

Ownership Value Add

Strong Operational Performance

Strong Operational Performance

- Maximize revenue generating opportunities throughout the portfolio with creative pricing strategies
- Continuously meet performance expectations even under challenging market conditions
- Consistently outperform peer average in EBITDA flow-through (5 of the past 6 years)



(1) *Per public filings. Average includes BEE, CHSP, CLDT, PEB, DRH, INN, FCH, LHO, RHP, RLJ, SHO, HST, HT*

Case Study – Marriott Seattle

Premium Rooms

Implementation Summary:

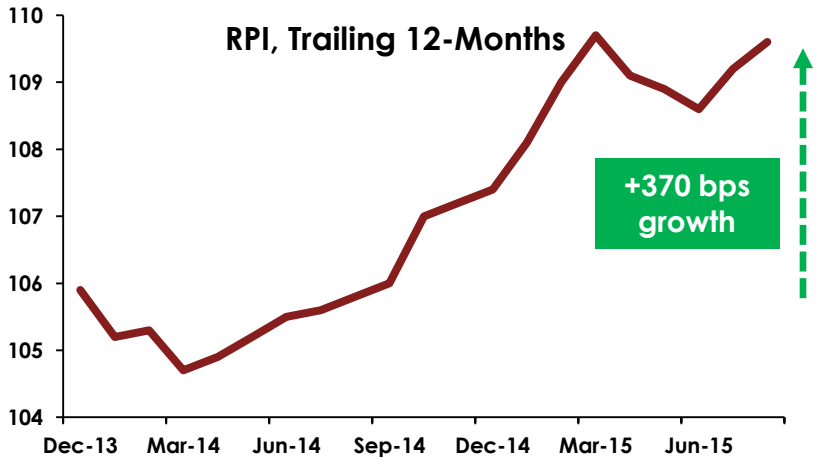
- Identified 23 corner rooms with views of the water to transition to premium Corner King rooms
  - Total number of premium rooms is 200, 56% of the total room inventory
- Corner King rooms can sell at $100 above regular retail during peak summer season
- Fewer regular retail rooms make it easier to fence out special corporate rates during peak times
- Sell premium rooms in advance, leading to higher regular retail rates after premium rooms sell out
  - Use length-of-stay restrictions on regular retail to encourage booking premium rooms

300 bps RevPAR index gain since 2011


Seattle Marriott Waterfront – Seattle, WA

	Segment	Jul-Aug 2012	Jul-Aug 2013	Jul-Aug 2014	Jul-Aug 2015
ADR	Premium Retail	$ 327.49	$ 354.85	$ 411.14	$ 449.95
	Regular Retail	$ 281.73	$ 309.96	$ 348.03	$ 371.66
	Difference	**$ 45.76**	**$ 44.90**	**$ 63.10**	**$ 78.29**

Case Study – Capital Hilton





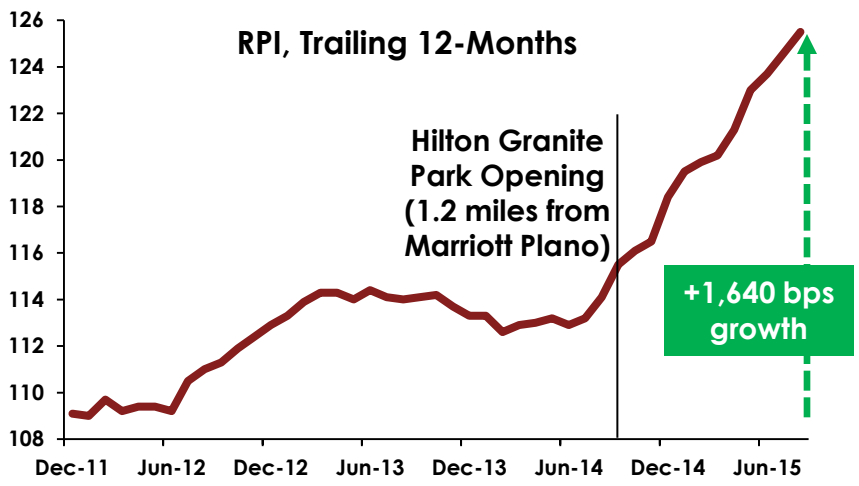
The Capital Hilton – Washington, DC


The Capital Hilton – Washington, DC

Implemented Revenue Strategies:

- Installed Upsell program, driving $250,000 of incremental revenue
- Daily focus on pricing in order to drive retail transient penetration to historical high; retail RPI up 19% TTM
- Weekly reviews of group position, leading to 5% TTM group RPI growth
- Upgraded Director of Revenue Management in Q1 2015

Case Study – Marriott Plano Legacy







Implemented Revenue Strategies:

- Strong RPI growth despite opening of Hilton Granite Park in Sep. 2014
- Installed Sr. RM in Q1 2014
- 2014 & 2015 Business Transient Pricing Strategy led to premium increases with key accounts
- Renovated meeting space in 2014
  - Monthly review with Area & Group Sales Offices to grow group RPI

Ownership Value Add

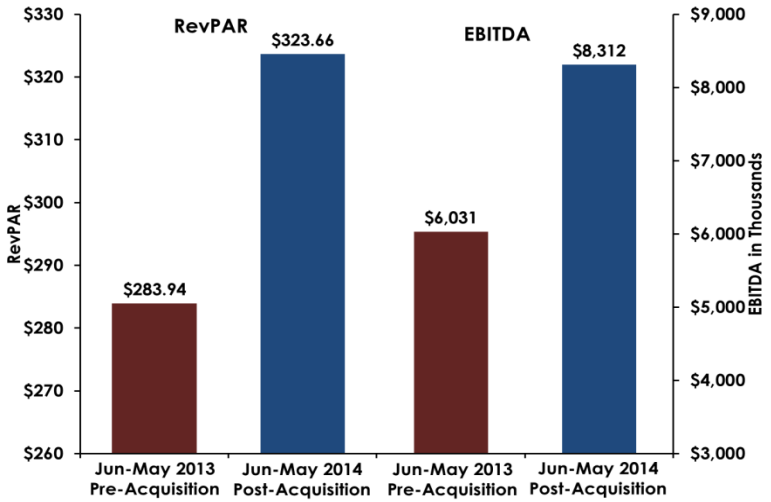
Ownership Value Add

- Exceptional track record of significantly improving revenue and profitability following acquisition
- Identify opportunities to add keys in destination and high barrier to entry markets
- Evaluate portfolio for opportunities to reposition assets to capture higher rated business and improve profitability

Case Study – Conversion to Remington Managed

Pier House Resort

- **Original going-in cap rate of 6.2% in May 2013 and current cap rate of 9.4%**



	Jun-May 2013 Pre-Takeover	Jun-May 2014 Post-Takeover	Increase (%, BPs)
RevPAR	$283.94	$323.66	**14.0%**
Total Revenue*	$19,196	$21,284	**10.9%**
RPI	97.7	101.7	**+409**
EBITDA*	$6,031	$8,312	**37.8%**
EBITDA Flow		**109.2%**	



Implemented Strategies:

- Asset management performance significantly exceeded underwriting
- Eliminated $1.5mm in expenses through cost cutting initiatives:
  - Right-sized staffing level
  - Implemented improved housekeeping practices
  - Identified additional F&B efficiencies
  - Realized synergies with other Remington-managed Key West assets
- Saved $385,000 in insurance expense by adding to Ashford program
- Realized approximately $350,000 in annualized incremental parking revenue

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**$ in Thousands*

Case Study – Room Additions



Marriott Seattle Waterfront – Seattle, WA

Project Overview:

- Fourth highest RevPAR in Prime portfolio
- Destination market with high barriers to entry location overlooking Elliott Bay near Pike Place Market
- Ashford to invest $900,000 to relocate the concierge lounge to 1st floor, **adding 3 guestrooms**

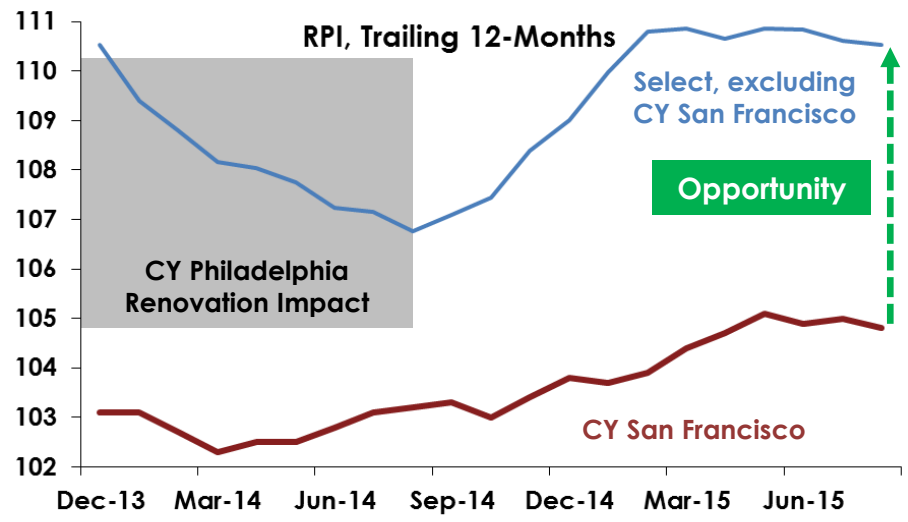


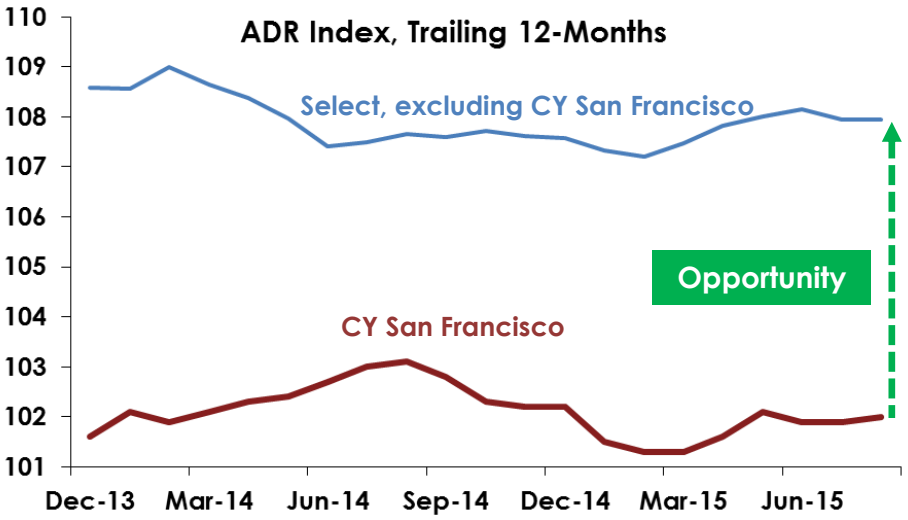
The Capital Hilton – Washington, DC

Project Overview:

- Fourth highest occupancy hotel in Prime portfolio
- Iconic hotel located in downtown Washington DC and 3 blocks north of the White House
- Converted 1 Ambassador Suite and relocated concierge lounge to 1st floor, **gained 6 additional keys**

Opportunity – Courtyard San Francisco







Opportunities:

- Courtyard San Francisco has historically underperformed compared to the rest of Ashford's select portfolio in ADR index
- A one point increase in RevPAR index equals $171,000 in EBITDA
- Repositioning hotel with $14.5mm extensive guestrooms and lobby renovation starting Q4 2016
  - Custom guestrooms renovation (including king showers) will better position hotel to capture higher rated group and transient business

Opportunity – Bardessono Hotel

Hotel Overview:

- Acquired in July 2015
- 62 keys, 1,350 sq. ft. of meeting space
- Located in Yountville, CA the "Culinary Capital of Napa Valley"
  - High barrier to entry market
- Easily accessible to the major markets in Northern California
- One of only three LEED Platinum certified hotels in the U.S., only hotel in California


Bardessono – Yountville, CA


Bardessono – Yountville, CA

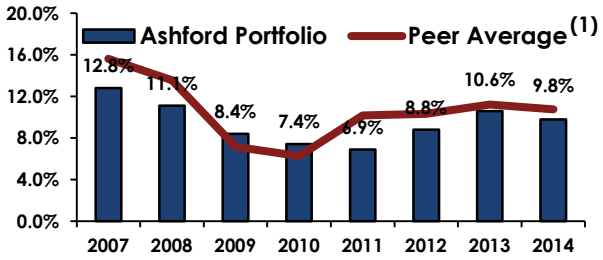
Opportunities:

- Unique hotel expansion opportunity, permitted to develop 4,000 sq. ft. including 2 to 3 luxury villas to attract ultra-luxury guests
- Cost control opportunities
- Implementation of revenue initiatives with Remington property management in place

Asset Management Overview (cont.)

Prudent Capital Investment

- Typically spend 10% less than peers on CapEx while generating superior operating results



Exceptional Guest Service

- Increased Ashford Prime portfolio scores 744 bps for the YTD period since implementing GSS recognition strategies
- In Wells Fargo's current weighted TripAdvisor rankings, Prime impressively ranked first among sixteen lodging Real Estate Investment Trusts(2)

Risk Management & Property Taxes

- **Risk Management** – Reduced General Liability per key by 25% since 2007
- **Property Taxes** – Aggressively appeal property tax assessments to drive down assessed values

(1) Per public filings and SNL. Average includes BEE, CHSP, PEB, DRH, LHO, SHO
(2) Wells Fargo Securities Research; Lodging: TripAdvisor Rankings (September 4, 2015)

Asset Management Overview (cont.)

Energy Cost Management

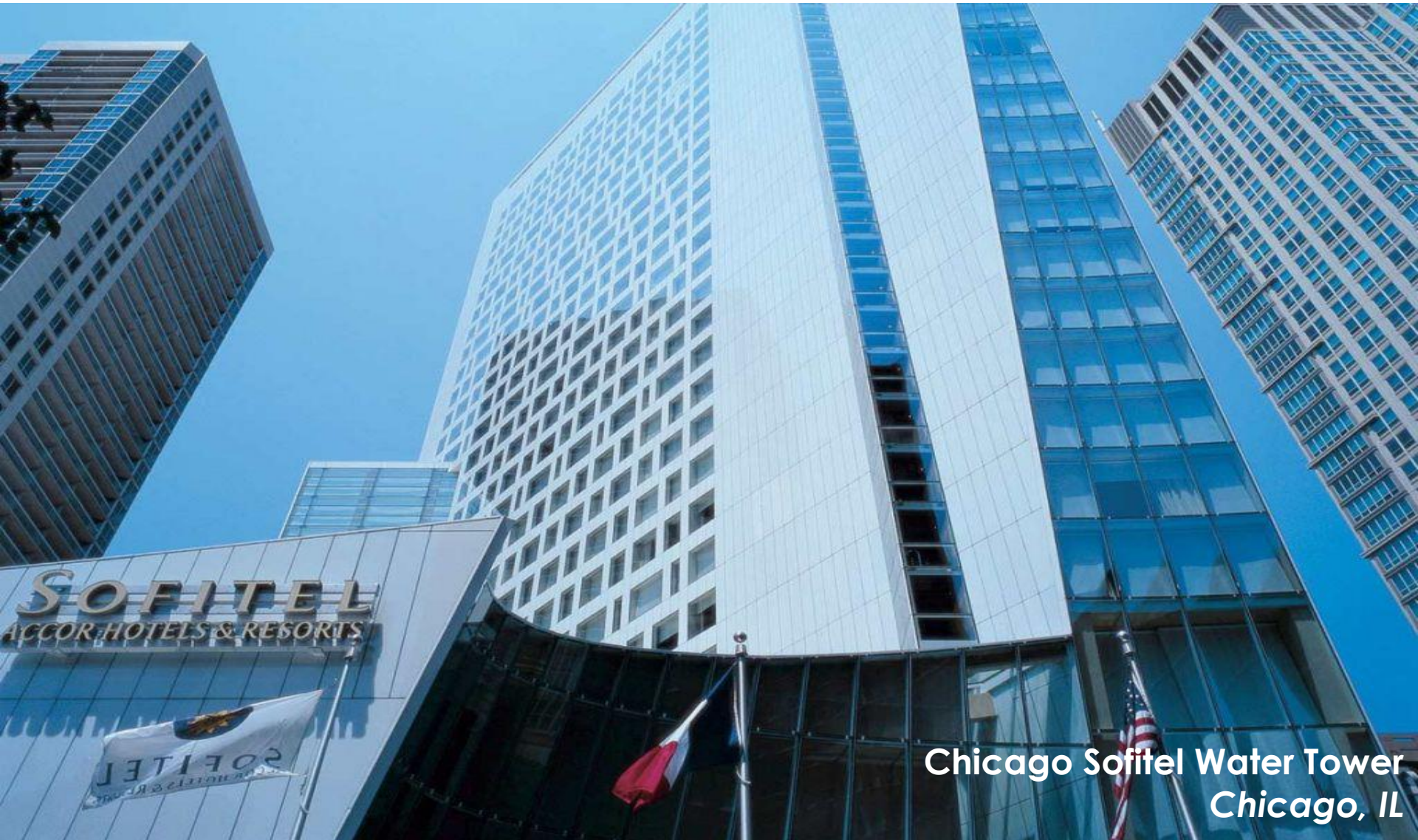
- Conservative hedging strategy to minimize volatility while optimizing market price lows
- Prime realized a utility expense savings of 16% in 2014 in deregulated markets against published utility rates
- Active conservation support through best practices and energy ROI projects

Preventive Maintenance

- Proprietary asset care program which sets quantitative and qualitative measures on preventative care of assets
- Prime YTD Overall Maintenance of the Hotel as scored by the brands shows improvement of 400 bps

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Balance Sheet – Deric Eubanks, *CFO*



Chicago Sofitel Water Tower
Chicago, IL

Capital Structure

- Conservative leverage in line with platform strategy
- Targeted Net Debt / EBITDA of 5.0x
- All debt is non-recourse, property level mortgage debt

Figures in millions except per share values	
Stock Price (As of October 13, 2015)	$14.93
Fully Diluted Shares Outstanding	32.6
Equity Value	**$486.8**
Plus: Convertible Preferred Equity	65.0
Plus: Debt	713.4
Total Market Capitalization	**$1,265.2**
Less: Net Working Capital[(1)]	(155.5)
Total Enterprise Value	**$1,109.7**

As of June 30, 2015
(1) Adjusted for acquisition of Bardessono Hotel and AINC stock purchase

Target Cash Balance and Net Working Capital

Cash & Cash Equivalents[1]	$75.7
Restricted Cash	28.1
Investment in AIM REHE, LP	50.5
Accounts Receivable, net	11.9
Prepaid Expenses	3.0
Due From Affiliates, net	(2.6)
Due from Third Party Hotel Managers	7.2
Investment in Ashford Inc. [2]	11.6
Total Current Assets	**$185.3**
Accounts Payable, net & Accrued Expenses	$26.8
Dividends Payable	3.0
Total Current Liabilities	**$29.8**
Net Working Capital	**$155.5**

Strategy

- Targeted cash balance of 25% to 30% of market capitalization
- Maintain excess cash balance to capitalize on opportunities
- Hedge unfavorable economic shocks
- Dry powder to execute opportunistic acquisitions
- Exclusive use of non-recourse, property level mortgage debt

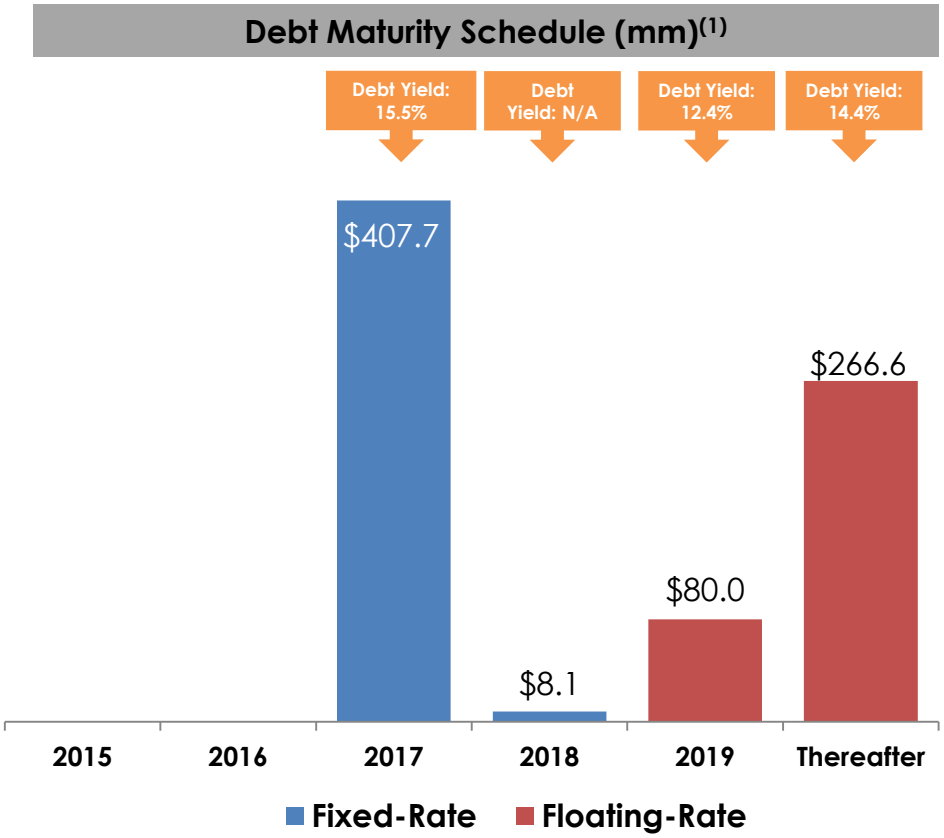
As of June 30, 2015

(1) Adjusted for acquisition of Bardessono Hotel and AINC stock purchase

(2) Market value as of October 13, 2015

Debt Maturities and Leverage

- Target leverage: Net Debt / EBITDA < 5.0x
- Maintain mix of fixed and floating rate debt
- Ladder maturities
- Exclusive use of property-level, non-recourse debt



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As of June 30, 2015
(1) Assumes extension options are exercised
Note: All debt yield statistics are based on EBITDA to principal

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Investor & Analyst Day – October 2015