2022 ANNUAL REPORT

ASHFORD
HOSPITALITY TRUST

Dear Fellow Shareholder,

Looking back over the last few years, we cannot help but think about the profound impact COVID-19 has had on the U.S. hospitality industry, the communities we serve, and our daily lives. Ashford Trust has had to make some difficult decisions in recent years, but we believe this period highlighted the tenacity and resolve of our leadership team as we continued to take decisive actions to enhance our liquidity, deleverage our balance sheet and improve our financial position.

To that end, we have delevered the Ashford Trust platform by over $1 billion over the past few years and materially improved our operational cash flows. As we move into the next phase of this industry cycle, we are focused on prudent and strategic capital expenditures at our properties and proactively managing the debt maturities that are coming due several years from now.

In addition to enhancements to our financial flexibility, we've been very pleased with the positive momentum we're seeing in the operating performance of our diverse hotel portfolio. Our best-in-class asset management team continues to be focused on pursuing initiatives to enhance our operating performance, including working closely with our property managers on aggressive cost control initiatives, driving ancillary revenue, and increasing operating margins. We believe these initiatives, as well as our portfolio's diversification, both geographically as well as by customer type, provide some very distinct advantages as we continue to look for opportunities to improve our operating performance in 2023.

As we begin 2023, we believe we have an improved balance sheet and sufficient capital resources to successfully navigate the recovery while remaining diligent in exploring ways to increase operational profitability, creating value through capital improvements, and enhancing our competitive position. We are also excited about Ashford Trust's ability to raise capital through our affiliate Ashford Securities, particularly with our initial non-traded preferred security. This is important growth capital for us as we are committed to looking for opportunities to grow our portfolio as we believe the industry has strong tailwinds with improving fundamentals, quickly healing debt markets, and significant private capital looking to buy hotel assets.

We're proud of our team's efforts over the past few years to remain resilient and we believe we have the right plan in place to capitalize on the recovery as it unfolds. We have a clear path forward and this plan includes continuing to maximize liquidity across the Company, optimizing the operating performance of our assets as they recover, deleveraging the balance sheet over time, and looking for opportunities to invest and grow our business for the long-term.

We appreciate your continued trust and support in Ashford Hospitality Trust.

Sincerely,

J. Robison Hays
President & Chief Executive Officer

Gallery

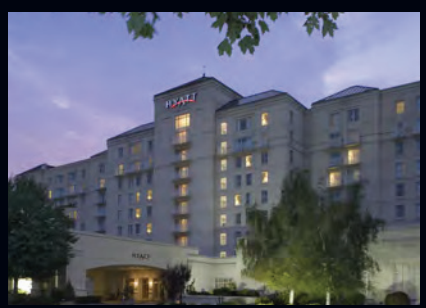
Crowne Plaza Key West
Key West, Florida

Marriott Sugar Land
Houston, Texas

One Ocean
Atlantic Beach, Florida

La Posada de Santa Fe
Santa Fe, New Mexico

Hyatt Regency Coral Gables
Coral Gables, Florida



Hyatt Regency Long Island
Hauppauge, New York

The Churchill
Washington, District of Columbia

Westin Princeton
Princeton, New Jersey

Ritz-Carlton Atlanta
Atlanta, Georgia

Sheraton San Diego Mission Valley
San Diego, California

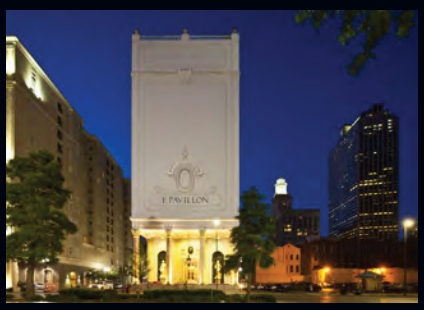
Lakeway Resort and Spa
Austin, Texas

Fremont Marriott Silicon Valley
Fremont, California

Sheraton Anchorage
Anchorage, Alaska

Hilton Costa Mesa
Costa Mesa, California

Hilton Fort Worth
Fort Worth, Texas



Le Pavillon
New Orleans, Louisiana

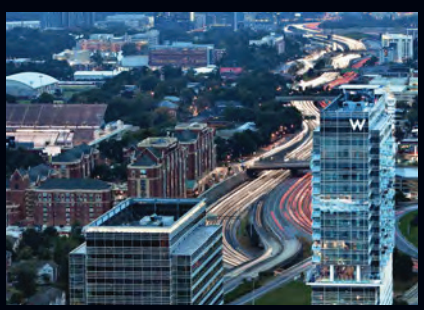
Renaissance Palm Springs
Palm Springs, California

Hilton Parsippany
Parsippany, New Jersey

Marriott Gateway Crystal City
Arlington, Virginia

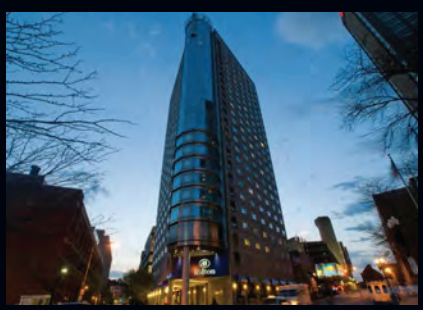
Hilton Santa Fe
Santa Fe, New Mexico

Marriott Beverly Hills
Beverly Hills, California



W Atlanta - Downtown
Atlanta, Georgia

Hilton Alexandria Old Town
Alexandria, Virginia



Hilton Boston Back Bay
Boston, Massachusetts

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, 2022

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: 001-31775

ASHFORD HOSPITALITY TRUST, INC.

(Exact name of registrant as specified in its charter)

Maryland	86-1062192
(State or other jurisdiction of incorporation or organization)	*(IRS employer identification number)*
14185 Dallas Parkway Suite 1200 Dallas Texas	
(Address of principal executive offices)	75254 *(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	**AHT**	**New York Stock Exchange**
Preferred Stock, Series D	**AHT-PD**	**New York Stock Exchange**
Preferred Stock, Series F	**AHT-PF**	**New York Stock Exchange**
Preferred Stock, Series G	**AHT-PG**	**New York Stock Exchange**
Preferred Stock, Series H	**AHT-PH**	**New York Stock Exchange**
Preferred Stock, Series I	**AHT-PI**	**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, 2022, the aggregate market value of 34,219,971 shares of the registrant's common stock held by non-affiliates was approximately $204,635,000.

As of March 8, 2023, the registrant had 34,495,124 shares of common stock issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement pertaining to the 2023 Annual Meeting of Stockholders are incorporated herein by reference into Part III of this Form 10-K.

ASHFORD HOSPITALITY TRUST, INC.
YEAR ENDED DECEMBER 31, 2022
INDEX TO FORM 10-K

		Page
	PART I	
Item 1.	Business	3
Item 1A.	Risk Factors	10
Item 1B.	Unresolved Staff Comments	41
Item 2.	Properties	41
Item 3.	Legal Proceedings	43
Item 4.	Mine Safety Disclosures	44
	PART II	
Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	44
Item 6.	Reserved	48
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	48
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	63
Item 8.	Financial Statements and Supplementary Data	64
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	123
Item 9A.	Controls and Procedures	123
Item 9B.	Other Information	125
Item 9C.	Disclosure Regarding Foreign Jurisdictions That Prevent Inspections	125
	PART III	
Item 10.	Directors, Executive Officers and Corporate Governance	125
Item 11.	Executive Compensation	125
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	125
Item 13.	Certain Relationships and Related Transactions, and Director Independence	125
Item 14.	Principal Accounting Fees and Services	125
	PART IV	
Item 15.	Financial Statement Schedules and Exhibits	125
Item 16.	Form 10-K Summary	131
	SIGNATURES	

PART I

This Annual Report is filed by Ashford Hospitality Trust, Inc., a Maryland corporation (the "Company"). Unless the context otherwise requires, all references to the Company include those entities owned or controlled by the Company. In this report, the terms "the Company," "Ashford Trust," "we," "us" or "our" mean Ashford Hospitality Trust, Inc. and all entities included in its consolidated financial statements. "Remington Lodging" refers to Remington Lodging & Hospitality, LLC, a Delaware limited liability company and a hotel management company that was owned by Mr. Monty J. Bennett, chairman of our board of directors, and his father, Mr. Archie Bennett, Jr., our chairman emeritus, before its acquisition by Ashford Inc. on November 6, 2019. "Remington Hotels" refers to the same entity after the acquisition was completed, resulting in Remington Lodging & Hospitality, LLC becoming a subsidiary of Ashford Inc.

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 ability to restructure existing property-level indebtedness;
- our ability to secure additional financing to enable us to operate our business;
- 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;
- rising interest rates and inflation;
- macroeconomic conditions, such as a prolonged period of weak economic growth and volatility in capital markets;
- extreme weather conditions may cause property damage or interrupt business;
- actions by the lenders of the Oaktree Credit Agreement to foreclose on our assets which are pledged as collateral;
- general volatility of the capital markets and the market price of our common and preferred stock;
- general and economic business conditions affecting the lodging and travel industry;
- changes in our business or investment strategy;
- availability, terms, and deployment of capital;
- unanticipated increases in financing and other costs;
- changes in our industry and the market in which we operate and local economic conditions;
- the degree and nature of our competition;
- actual and potential conflicts of interest with Ashford Inc. and its subsidiaries (including Ashford Hospitality Advisors LLC ("Ashford LLC"), Remington Hotels and Premier Project Management LLC ("Premier")), Braemar

Hotels & Resorts Inc. (together with its subsidiaries, "Braemar"), 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 real estate investment trusts ("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 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. Additionally, many of these risks and uncertainties are currently amplified by and will continue to be amplified by, or in the future may be amplified by, the COVID-19 outbreak, including the resurgence of cases to the spread of the Delta, Omicron or other potential variants. The extent to which COVID-19 impacts us will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the scope, severity and duration of the pandemic, the actions taken to contain the pandemic or mitigate its impact, and the direct and indirect economic effects of the pandemic and containment measures, among others. 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.

Item 1. *Business*

GENERAL

Ashford Hospitality Trust, Inc., together with its subsidiaries, is a REIT. While our portfolio currently consists of upscale hotels and upper upscale full-service hotels, our investment strategy is predominantly focused on investing in upper upscale full-service hotels in the United States that have revenue per available room ("RevPAR") generally less than twice the U.S. national average, and in all methods including direct real estate, equity, and debt. We currently anticipate future investments will predominantly be in upper upscale hotels. We own our lodging investments and conduct our business through Ashford Hospitality Limited Partnership ("Ashford Trust OP"), our operating partnership. Ashford OP General Partner LLC, a wholly-owned subsidiary of Ashford Trust, serves as the sole general partner of our operating partnership.

Our hotel properties are primarily branded under the widely recognized upscale and upper upscale brands of Hilton, Hyatt, Marriott and Intercontinental Hotel Group. As of December 31, 2022, we held interests in the following assets:

- 100 consolidated hotel properties, which represent 22,316 total rooms;
- 79 hotel condominium units at WorldQuest Resort in Orlando, Florida ("WorldQuest");
- 15.1% ownership in OpenKey with a carrying value of $2.1 million;
- 32.5% ownership in 815 Commerce Managing Member, LLC ("815 Commerce MM"), which is developing the Le Meridien Fort Worth, with a carrying value of approximately $8.5 million; and
- an investment in an entity that owns two resorts in Napa, CA, with a carrying value of approximately $9.0 million.

For U.S. federal income tax purposes, we have elected to be treated as a REIT, which imposes limitations related to operating hotels. As of December 31, 2022, our 100 hotel properties were leased or owned by our wholly-owned subsidiaries that are treated as taxable REIT subsidiaries for U.S. federal income tax purposes (collectively, these subsidiaries are referred to as "Ashford TRS"). Ashford TRS then engages third-party or affiliated hotel management companies to operate the hotels under management contracts. Hotel operating results related to these properties are included in the consolidated statements of operations.

We are advised by Ashford LLC, a subsidiary of Ashford Inc., 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 employ hotel management companies to operate them for us under management contracts. Remington Hotels, a subsidiary of Ashford Inc., manages 68 of our 100 hotel properties and WorldQuest. 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 claims services, hypoallergenic premium rooms, broker-dealer and distribution services, mobile key technology and cash management services. See note 17 to our consolidated financial statements.

As of December 31, 2022, Mr. Monty J. Bennett and Mr. Archie Bennett, Jr. together owned approximately 610,246 shares of Ashford Inc. common stock, which represented an approximate 19.6% 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 4,145,385 shares of Ashford Inc. common stock, which if converted would have increased the Bennetts' ownership interest in Ashford Inc. to 65.5%, provided that prior to August 8, 2023, the voting power of the holders of the Ashford Inc. Series D Convertible Preferred Stock is limited to 40% of the combined voting power of all of the outstanding voting securities of Ashford Inc. entitled to vote on any given matter. The 18,758,600 shares of Series D Convertible Preferred Stock owned by Mr. Monty J. Bennett and Mr. Archie Bennett, Jr. include 362,959 shares owned by trusts.

Liquidity

As of December 31, 2022, the Company held cash and cash equivalents of $417.1 million and restricted cash of $142.0 million. The vast majority of the restricted cash comprises lender and manager held reserves. On January 11, 2023, the Company announced that its board of directors declared cash dividends on the Company's 8.45% Series D Cumulative Preferred Stock, 7.375% Series F Cumulative Preferred Stock, 7.375% Series G Cumulative Preferred Stock, 7.50% Series H Cumulative Preferred Stock, and 7.50% Series I Cumulative Preferred Stock for the first quarter ending March 31, 2023. The Company also announced that its board of directors declared cash dividends on the Company's Series J Redeemable Preferred Stock equal to a quarterly rate of $0.50 per share, payable as follows: $0.1666 per share was paid on February 15, 2023 to stockholders of record as of January 31, 2023; $0.1666 per share will be paid on March 15, 2023 to stockholders of record as of February 28, 2023; and $0.1666 per share will be paid on April 17, 2023 to stockholders of record as of March 31, 2023; and declared a monthly cash dividend for the Company's Series K Redeemable Preferred Stock equal to a quarterly rate of $0.5125 per share, payable as follows: $0.1708 per share was paid on February 15, 2023 to stockholders of record as of January 31, 2023; $0.1708 per share will be paid on March 15, 2023 to stockholders of record as of February 28, 2023; and $0.1708 per share will be paid on April 17, 2023 to stockholders of record as of March 31, 2023. The Company has continued the suspension of its common stock dividend into 2023.

BUSINESS STRATEGIES

Based on our primary business objectives and forecasted operating conditions, our current key priorities and financial strategies include, among other things:

- acquisition of hotel properties, in whole or in part, that we expect will be accretive to our portfolio;
- disposition of non-core hotel properties;
- pursuing capital market activities to enhance long-term stockholder value;
- preserving capital and enhancing liquidity;
- implementing selective capital improvements designed to increase profitability and to maintain the quality of our assets;
- implementing effective asset management strategies to minimize operating costs and increase revenues;
- financing or refinancing hotels on competitive terms;
- modifying or extending property-level indebtedness;
- utilizing hedges, derivatives and other strategies to mitigate risks;
- accessing cost effective capital, including through the issuance of non-traded preferred securities; and
- making other investments or divestitures that our board of directors deems appropriate.

Our current investment strategy is to focus on owning predominantly full-service hotels in the upper upscale segment in domestic markets that have RevPAR generally less than twice the U.S. national average. We believe that as supply, demand, and capital market cycles change, we will be able to shift our investment strategy to take advantage of new lodging-related

investment opportunities as they may develop. Our investments may include: (i) direct hotel investments; (ii) mezzanine financing through origination or acquisition; (iii) first mortgage financing through origination or acquisition; (iv) sale-leaseback transactions; and (v) other hospitality transactions.

Our strategy is designed to take advantage of lodging industry conditions and adjust to changes in market circumstances over time. Our assessment of market conditions will determine asset reallocation strategies. While we seek to capitalize on favorable market fundamentals, conditions beyond our control may have an impact on overall profitability, our investment opportunities and our investment returns. We will continue to seek ways to benefit from the cyclical nature of the hotel industry.

To take full advantage of future investment opportunities in the lodging industry, we intend to seek our investment opportunities according to the asset allocation strategies described below. However, due to ongoing changes in market conditions, we will continually evaluate the appropriateness of our investment strategies. Our board of directors may change any or all of these strategies at any time without stockholder approval or notice.

Direct Hotel Investments—In selecting hotels to acquire, we target hotels that offer either a high current return or the opportunity to increase in value through repositioning, capital investments, market-based recovery, or improved management practices. Our direct hotel acquisition strategy primarily targets full-service upscale and upper upscale hotels with RevPAR less than twice the national average in primary, secondary, and resort markets, typically throughout the U.S. and will seek to achieve both current income and appreciation. In addition, we will continue to assess our existing hotel portfolio and make strategic decisions to sell certain under-performing or non-strategic hotels that no longer fit our investment strategy or criteria due to micro or macro market changes or other reasons.

Other Transactions—We may also seek investment opportunities in other lodging-related assets or businesses that offer diversification, attractive risk adjusted returns, and/or capital allocation benefits, including mezzanine financing, first mortgage financing, and/or sale-leaseback transactions.

BUSINESS SEGMENTS

We currently operate in one business segment within the hotel lodging industry: direct hotel investments. A discussion of our operating segment is incorporated by reference from note 24 to our consolidated financial statements set forth in Part II, Item 8. Financial Statements and Supplementary Data.

FINANCING STRATEGY

We often utilize debt to increase equity returns. When evaluating our future level of indebtedness and making decisions regarding the incurrence of indebtedness, we consider a number of factors, including:

- our leverage levels across the portfolio;
- the purchase price of our investments to be acquired with debt financing;
- impact on financial covenants;
- cost of debt;
- loan maturity schedule;
- the estimated market value of our investments upon refinancing;
- the ability of particular investments, and our Company as a whole, to generate cash flow to cover expected debt service; and
- trailing twelve months net operating income of the hotel to be financed.

We may incur debt in the form of purchase money obligations to the sellers of properties, publicly or privately placed debt instruments, or financing from banks, institutional investors, or other lenders. Any such indebtedness may be secured or unsecured by mortgages or other interests in our properties. This indebtedness may be recourse, non-recourse, or cross-collateralized. If recourse, such recourse may include our general assets or be limited to the particular investment to which the indebtedness relates. In addition, we may invest in properties or loans subject to existing loans secured by mortgages or similar liens on the properties, or we may refinance properties acquired on a leveraged basis.

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.

In addition, if we do not have sufficient cash available, we may need to borrow to meet taxable income distribution requirements under the Code. No assurances can be given that we will obtain additional financings or, if we do, what the amount and terms will be. Our failure to obtain future financing under favorable terms could adversely impact our ability to execute our business strategy. In addition, we may selectively pursue debt financing on our individual properties and debt investments.

DISTRIBUTION POLICY

No dividends can be paid on our common stock unless and until all accumulated and unpaid dividends on our outstanding preferred stock have been declared and paid. As of March 8, 2023, the Company had no accumulated unpaid dividends on its outstanding preferred stock. Additionally, under Maryland law and except for an ability to pay a dividend out of current earnings in certain limited circumstances, no dividend (except a dividend in shares of stock) may be declared or paid by a Maryland corporation unless, after giving effect to the dividend, assets will continue to exceed liabilities and the corporation will be able to continue to pay its debts as they become due in the usual course. Maryland law permits these determinations to be made by our board of directors based on either a book value basis or a reasonable fair value basis. As of December 31, 2022, the Company had a deficit in stockholders' equity of approximately $150.4 million and had not generated current earnings from which a dividend is potentially payable since the year ended December 31, 2015. There is no expectation that a dividend on our common stock can or would be considered or declared at any time in the foreseeable future.

Declaration of dividends in 2023 on our preferred stock may require a determination by our board of directors, at the time of any determination, that the Company would continue to have positive equity on a fair value basis, among other considerations.

Distributions are authorized by our board of directors and declared by us based upon a variety of factors deemed relevant by our directors. The board of directors will continue to review our distribution policy on at least a quarterly basis. Our ability to pay distributions to our preferred or common stockholders will depend, in part, upon our receipt of distributions from our operating partnership. This, in turn, may depend upon receipt of lease payments with respect to our properties from indirect subsidiaries of our operating partnership, the management of our properties by our hotel managers and general business conditions. Distributions to our stockholders are generally taxable to our stockholders as ordinary income. However, since a portion of our investments are equity ownership interests in hotels, which result in depreciation and non-cash charges against our income, a portion of our distributions may constitute a non-taxable return of capital, to the extent of a stockholder's tax basis in the stock. To the extent that it is consistent with maintaining our REIT status, we may maintain accumulated earnings of Ashford TRS in that entity.

On December 6, 2022, our board of directors reviewed and approved our 2023 dividend policy. We do not anticipate paying any dividends on our outstanding common stock for any quarter during 2023 and expect to pay dividends on our outstanding Preferred Stock during 2023. Our board of directors will continue to review our dividend policy and make future announcements with respect thereto. We may incur indebtedness to meet distribution requirements imposed on REITs under the Code to the extent that working capital and cash flow from our investments are insufficient to fund required distributions.

Our corporate charter allows us to issue preferred stock with a preference on distributions, such as our 8.45% Series D Cumulative Preferred Stock, par value $0.01 per share (the "Series D Preferred Stock"), 7.375% Series F Cumulative Preferred Stock, par value $0.01 per share (the "Series F Preferred Stock"), 7.375% Series G Cumulative Preferred Stock, par value $0.01 per share (the "Series G Preferred Stock"), 7.50% Series H Cumulative Preferred Stock, par value $0.01 per share (the "Series H Preferred Stock"), 7.50% Series I Cumulative Preferred Stock, par value $0.01 per share (the "Series I Preferred Stock,") 8.0% Series J Redeemable Preferred Stock, par value $0.01 per share (the "Series J Preferred Stock"), Series K Redeemable Preferred Stock, par value $0.01 per share (the "Series K Preferred Stock,") (together the "Preferred Stock"). The partnership agreement of our operating partnership also allows the operating partnership to issue units with a preference on distributions. The issuance of these series of Preferred Stock and units together with any similar issuance in the future, given the dividend preference on such stock or units, could limit our ability to make a dividend distribution to our common stockholders.

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 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 and apartment operators offering short-term rentals.

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 102 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.

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 federal, state, and local laws and regulations, an owner or operator of real estate may be liable for the costs of removal or remediation of certain hazardous or toxic substances on such property. These laws often impose liability without regard to whether the owner knew of, or was responsible for, the presence of hazardous or toxic substances. Furthermore, a person who arranges for the disposal of a hazardous substance or transports a hazardous substance for disposal or treatment from property owned by another may be liable for the costs of removal or remediation of hazardous substances released into the environment at that property. The costs of remediation or removal of such substances may be substantial, and the presence of such substances, or the failure to promptly remediate such substances, may adversely affect the owner's ability to sell the affected property or to borrow using the affected property as collateral. In connection with the ownership and operation of our properties, we, our operating partnership, or Ashford TRS may be potentially liable for any such costs. In addition, the value of any lodging property loan we originate or acquire would be adversely affected if the underlying property contained hazardous or toxic substances.

Phase I environmental assessments, which are intended to identify potential environmental contamination for which our properties may be responsible, have been obtained on substantially all of our properties. Such Phase I environmental assessments included:

- historical reviews of the properties;
- reviews of certain public records;
- preliminary investigations of the sites and surrounding properties;
- screening for the presence of hazardous substances, toxic substances, and underground storage tanks; and

- the preparation and issuance of a written report.

Such Phase I environmental assessments did not include invasive procedures, such as soil sampling or ground water analysis. Such Phase I environmental assessments have not revealed any environmental liability that we believe would have a material adverse effect on our business, assets, results of operations, or liquidity, and we are not aware of any such liability. To the extent Phase I environmental assessments reveal facts that require further investigation, we would perform a Phase II environmental assessment. However, it is possible that these environmental assessments will not reveal all environmental liabilities. There may be material environmental liabilities of which we are unaware, including environmental liabilities that may have arisen since the environmental assessments were completed or updated. No assurances can be given that: (i) future laws, ordinances, or regulations will not impose any material environmental liability; or (ii) the current environmental condition of our properties will not be affected by the condition of properties in the vicinity (such as the presence of leaking underground storage tanks) or by third parties unrelated to us.

We believe our properties are in compliance in all material respects with all federal, state, and local ordinances and regulations regarding hazardous or toxic substances and other environmental matters. Neither we nor, to our knowledge, any of the former owners of our properties have been notified by any governmental authority of any material noncompliance, liability, or claim relating to hazardous or toxic substances or other environmental matters in connection with any of our properties.

INSURANCE

We maintain comprehensive insurance, including liability, property, workers' compensation, rental loss, environmental, terrorism, cybersecurity, directors and officers and, when available on commercially reasonable terms, flood, wind and earthquake insurance, with policy specifications, limits, and deductibles customarily carried for similar properties. Certain types of losses (for example, matters of a catastrophic nature such as global pandemics, acts of war or substantial known environmental liabilities) as well as certain types of coverages previously available under policies set forth above (for example, communicable disease, abuse & molestation coverages previously available under general liability policies) are either uninsurable or require substantial premiums that are not economically feasible to maintain. Certain types of losses, such as those arising from subsidence activity, are insurable only to the extent that certain standard policy exceptions to insurability are waived by agreement with the insurer. We believe, however, that our properties are adequately insured, consistent with industry standards.

FRANCHISE LICENSES

We believe that the public's perception of quality associated with a franchisor can be an important feature in the operation of a hotel. Franchisors provide a variety of benefits for franchisees, which include national advertising, publicity, and other marketing programs designed to increase brand awareness, training of personnel, continuous review of quality standards, and centralized reservation systems.

As of December 31, 2022, our portfolio consisted of 100 consolidated hotel properties, 93 of which operated under the following franchise licenses or brand management agreements:

Embassy Suites and/or Embassy Suites by Hilton, which are registered trademarks of Hilton International Holding LLC

Hilton, which is a registered trademark of Hilton International Holding LLC

Hilton Garden Inn, which is a registered trademark of Hilton International Holding LLC

Hampton Inn and/or Hampton Inn & Suites, which are registered trademarks of Hilton International Holding LLC

Marriott, which is a registered trademark of Marriott International, Inc.

SpringHill Suites and/or SpringHill Suites by Marriott, which are registered trademarks of Marriott International, Inc.

Residence Inn and/or Residence Inn by Marriott, which are registered trademarks of Marriott International, Inc.

Courtyard and/or Courtyard by Marriott, which are registered trademarks of Marriott International, Inc.

Fairfield Inn & Suites by Marriott, which is a registered trademark of Marriott International, Inc.

TownePlace Suites by Marriott, which is a registered trademark of Marriott International, Inc.

Renaissance, which is a registered trademark of Renaissance Hotel Holdings, Inc.

The Ritz-Carlton, which is a registered trademark of The Ritz-Carlton Hotel Company, L.L.C.

Hyatt Regency, which is a registered trademark of Hyatt Corporation

Sheraton, which is a registered trademark of The Sheraton LLC

W Hotels, which is a registered trademark of Starwood Hotels & Resorts Worldwide, LLC

Westin, which is a registered trademark of Westin Hotel Management, L.P.

Crowne Plaza, which is a registered trademark of Six Continents Hotels, Inc.

Hotel Indigo, which is a registered trademark of Six Continents Hotels, Inc.

One Ocean, which is a registered trademark of Remington Hotels, LLC

Our management companies, including Remington Hotels, must operate each hotel pursuant to the terms of the related franchise or brand management agreement and must use their best efforts to maintain the right to operate each hotel pursuant to such terms. In the event of termination of a particular franchise or brand management agreement, our management companies must operate any affected hotels under another franchise or brand management agreement, if any, that we enter into. We anticipate that many of the additional hotels we acquire could be operated under franchise licenses or brand management agreements as well.

Our franchise licenses and brand management agreements generally specify certain management, operational, recordkeeping, accounting, reporting, and marketing standards and procedures with which the franchisee or brand operator must comply, including requirements related to:

- training of operational personnel;
- safety;
- maintaining specified insurance;
- types of services and products ancillary to guestroom services that may be provided;
- display of signage; and
- type, quality, and age of furniture, fixtures, and equipment included in guestrooms, lobbies, and other common areas.

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 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.ahtreit.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 or furnish such material with the Securities and Exchange Commission (the "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:

- general volatility of the capital markets and the market price of our common stock and preferred stock;
- availability, terms, and deployment of capital;
- unanticipated increases in financing and other costs, including a rise in interest rates or inflation;
- actual and potential conflicts of interest with Ashford Inc. and its subsidiaries (including Ashford LLC, Remington Hotels and Premier), Braemar, 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 Code, and related rules, regulations and interpretations governing the taxation of real estate investment trusts;
- 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 might result in dilution and could cause the price of our common stock to decline.

RISKS RELATED TO OUR BUSINESS

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 harmed 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. gross domestic product. A majority of our hotels are classified as upscale and upper upscale. 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 upscale and upper upscale 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 us.

The hotel industry is highly competitive and the hotels in which we invest are subject to competition from other hotels for guests.

The hotel business is highly competitive. Our hotel properties will compete on the basis of location, brand, room rates, quality, amenities, reputation and reservations systems, among many factors. There are many competitors in the hotel industry, 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, profitability is negatively affected by the fixed costs of operating hotels. We also face competition from services such as home sharing companies and apartment operators offering short-term rentals.

We did not pay dividends on our common stock in fiscal year 2022. We do not expect to pay dividends on our common stock for the foreseeable future.

We did not pay dividends on our common stock in fiscal year 2022. We do not expect to pay dividends on our common stock for the foreseeable future. We do not anticipate paying any dividends on our outstanding common stock for any quarter during 2023. The board of directors will continue to review our dividend policy and make future announcements with respect thereto.

Under Maryland law and except for an ability to pay a dividend out of current earnings in certain limited circumstances, no dividend (except a dividend in shares of stock) may be declared or paid by a Maryland corporation unless, after giving effect to the dividend, assets will continue to exceed liabilities and the corporation will be able to continue to pay its debts as they become due in the usual course. Maryland law permits these determinations to be made by our board of directors based on

either a book value basis or a reasonable fair value basis. As of December 31, 2022, the Company had a deficit in stockholders' equity of approximately $150.4 million and had not generated current earnings from which a dividend is potentially payable since the year ended December 31, 2015. There is no expectation that a dividend on common stock can or would be considered or declared at any time in the foreseeable future.

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

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

We depend on our advisor's key personnel with longstanding business relationships. The loss of our advisor'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 our advisor's management team and the extent and nature of the relationships they have developed with hotel franchisors, operators, and owners and hotel lending and other financial institutions. The loss of services of one or more members of our advisor's management team could harm our business and our prospects.

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 have less ability to reduce staffing at our hotels than we would if we employed such personnel directly.

We do not have any employees. We contractually engage hotel managers, such as Marriott, Hilton, Hyatt and our affiliate, Remington Hotels, which is owned by Ashford Inc., to operate, and to employ the personnel required to operate our hotels. The hotel manager is required under the applicable hotel management agreement to determine appropriate staffing levels; 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 have less ability to reduce staffing at our hotels than 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 Hotels, which is our affiliate.

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 Hotels, 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 and the amount of sold assets) 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) $1/12^{th}$ 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 advisory fee, which could adversely impact our liquidity and financial condition. As described further in our filings with the SEC, the independent members of the board of directors of Ashford Inc. provided the Company a deferral on the payment of certain fees and expenses with respect to the months of October 2020, November 2020, December 2020 and January 2021 payable under the advisory agreement such that all such fees would be due and payable on the earlier of (x) January 18, 2021 and (y) immediately prior to the closing of the Oaktree Credit Agreement. The foregoing payment was due and payable on January 11, 2021. Additionally, the independent members of the board of directors of Ashford Inc. waived any claim against the Company and the Company's affiliates and each of their officers and directors for breach of the advisory agreement or any damages that may have arisen in absence of such fee deferral. In accordance with the terms of the previously disclosed deferrals, the Company paid Ashford Inc. $14.4 million on January 11, 2021, immediately prior to the closing of the Oaktree Credit Agreement. There can be no assurances that Ashford Inc. will grant similar deferrals in the future.

Similarly, pursuant to our hotel management agreement with Remington Hotels, a subsidiary of Ashford Inc., we pay Remington Hotels monthly base hotel management fees on a per hotel basis equal to the greater of approximately $16,000 (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 Hotels equal to

approximately $16,000 per hotel (increased annually based on consumer price index adjustments), which could adversely impact our liquidity and financial condition.

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 have in the past and may continue to co-invest with third parties through partnerships, joint ventures or other entities, acquiring controlling or non-controlling interests in, or sharing responsibility for, managing the affairs of a property, partnership, joint venture or other entity. In such event, we may not be in a position to exercise sole decision-making authority regarding the property, partnership, joint venture or other entity. 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 that 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, if neither we nor the partner or co-venturer has 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 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.

Our business strategy depends on our continued growth. We may fail to integrate recent and additional investments into our operations or otherwise manage our future growth, which may adversely affect our operating results.

We cannot assure you that we will be able to adapt our management, administrative, accounting, and operational systems, or our advisor will be able to hire and retain sufficient operational staff to successfully integrate and manage any future acquisitions of additional assets without operating disruptions or unanticipated costs. Acquisitions of any property or additional portfolios of properties could generate additional operating expenses for us. Any future acquisitions may also require us to enter into property improvement plans that will increase our use of cash and could disrupt performance. As we acquire additional assets, we will be subject to the operational risks associated with owning those assets. Our failure to successfully integrate any future acquisitions into our portfolio could have a material adverse effect on our results of operations and financial condition and our ability to pay dividends to our stockholders.

Because our board of directors and our advisor have broad discretion to make future investments, we may make investments that result in returns that are substantially below expectations or that result in net operating losses.

Our board of directors and our advisor have broad discretion, within the investment criteria established by our board of directors, to make additional investments and to determine the timing of such investments. 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, including with respect to our dividend policies on our common and preferred stock. Such discretion could result in investments with returns inconsistent with expectations.

Hotel franchise or license requirements or the loss of a franchise could adversely affect us.

We must comply with operating standards, terms, and conditions imposed by the franchisors 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 standards could result in the loss or cancellation of a franchise license. With respect to operational standards, we rely on our hotel managers to conform to such standards. At times we may not be in compliance with such standards. Franchisors 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. It is possible that a franchisor could condition the continuation of a franchise based on the completion of capital improvements that our advisor or 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, our advisor or board of directors may elect to allow the franchise to lapse or be terminated, which could result in a termination charge as well as a change in brand franchising or operation of the hotel as an independent hotel. In addition, when the term of a franchise expires, the franchisor has no obligation to issue a new franchise.

The loss of a franchise 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.

We may be unable to identify additional investments that meet our investment criteria or to acquire the properties we have under contract.

We cannot assure you that we will be able to identify real estate investments that meet our investment criteria, that we will be successful in completing any investment we identify, or that any investment we complete will produce a return on our investment. Moreover, we have broad authority to invest in any real estate investments that we may identify in the future. We also cannot assure you that we will acquire properties we currently have under firm purchase contracts, if any, or that the acquisition terms we have negotiated will not change.

Our investments are concentrated in particular segments of a single industry.

Nearly all of our business is hotel related. Our current strategy is predominantly to acquire upper upscale hotels, as well as when conditions are favorable to acquire first mortgages on hotel properties, invest in other mortgage-related instruments such as mezzanine loans to hotel owners and operators, and participate in hotel sale-leaseback transactions. Adverse conditions in the hotel industry will have a material adverse effect on our operating and investment revenues and cash available for distribution to our stockholders.

Our reliance on Remington Hotels, a subsidiary of Ashford Inc., and on third party hotel managers to operate our hotels and for a substantial majority of our cash flow may adversely affect us.

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 taxable REIT subsidiaries in which the REIT can own up to a 100% interest. A taxable REIT subsidiary ("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.

As of December 31, 2022, we have entered into management agreements with Remington Hotels, a subsidiary of Ashford Inc., to manage 68 of our 100 hotel properties and the WorldQuest condominium properties. We have hired unaffiliated third-party hotel managers to manage our remaining properties. We do not supervise any of the hotel managers or their respective personnel on a day-to-day basis, and we cannot assure you that the hotel managers will manage our properties in a manner that is consistent with their respective obligations under the applicable management agreement or our obligations under our hotel franchise agreements. We also cannot assure you that our hotel managers will not be negligent in their performance, will not engage in criminal or fraudulent activity, or will not otherwise default on their respective management obligations to us. If any of the foregoing occurs, our relationships with any franchisors may be damaged, we may be in breach of our franchise agreement, and we could incur liabilities resulting from loss or injury to our property or to persons at our properties. In addition, 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. We generally will attempt to resolve any such disputes through discussions and negotiations; however, if we are unable to reach satisfactory results through discussions and negotiations, we may choose to terminate our management agreement, litigate the dispute or submit the matter to third-party dispute resolution, the expense of which may be material and the outcome of which may adversely affect us.

Our cash flow from the hotels may be adversely affected if our managers fail to provide quality services and amenities or if they or their affiliates fail to maintain a quality brand name. In addition, our managers or their affiliates may manage, and in some cases may own, invest in or provide credit support or operating guarantees, to hotels that compete with hotel properties that we own or acquire, which may result in conflicts of interest and decisions regarding the operation of our hotels that are not in our best interests. Any of these circumstances could adversely affect us.

Our management agreements could adversely affect our sale or financing of hotel properties.

We have entered into management agreements, and acquired properties subject to management agreements, that do not allow us to replace hotel managers on relatively short notice or with limited cost or contain other restrictive covenants, and 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 in our best interest and could incur substantial expense as a result of the agreements.

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 maintain our qualification as a REIT. As a result, our retained earnings 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 cannot assure you that we will be able to obtain additional debt or equity financing or that we will be able to obtain it on favorable terms.

We compete with other hotels for guests and face competition for acquisitions and sales of hotel properties and of desirable debt investments.

The hotel business is competitive. Our hotels compete on the basis of location, room rates, quality, service levels, amenities, loyalty programs, reputation and reservation systems, among many other factors. New hotels may be constructed and these additions to supply create new competitors, in some cases without corresponding increases in demand for hotel rooms. The result in some cases may be lower revenue, which would result in lower cash available to meet debt service obligations, operating expenses and requisite distributions to our stockholders.

We compete for hotel acquisitions with entities that have similar investment objectives as we do. This competition could limit the number of suitable investment opportunities offered to us. It may also increase the bargaining power of property owners seeking to sell to us, making it more difficult for us to acquire new properties on attractive terms or on the terms contemplated in our business plan. In addition, we compete to sell hotel properties. Availability of capital, the number of hotels available for sale and market conditions all affect prices. We may not be able to sell hotel assets at our targeted price.

We may also compete for mortgage asset investments with numerous public and private real estate investment vehicles, such as mortgage banks, pension funds, other REITs, institutional investors, and individuals. Mortgages and other investments are often obtained through a competitive bidding process. In addition, competitors may seek to establish relationships with the financial institutions and other firms from which we intend to purchase such assets. Competition may result in higher prices for mortgage assets, lower yields, and a narrower spread of yields over our borrowing costs.

Some of our competitors are larger than us, may have access to greater capital, marketing, and other financial resources, may have personnel with more experience than our officers, may be able to accept higher levels of debt or otherwise may tolerate more risk than us, may have better relations with hotel franchisors, sellers or lenders, and may have other advantages over us in conducting certain business and providing certain services.

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

Our business may be impacted by domestic and global economic conditions. Political crises in the U.S. and other international countries or regions, including sovereign risk related to a deterioration in the creditworthiness or a default by local governments, may negatively affect global economic conditions and our business. If the U.S. or global economy experiences volatility or significant disruptions, such disruptions or volatility could hurt the U.S. economy and our business could be negatively impacted by reduced demand for business and leisure travel related to a slowdown in the general economy, by disruptions resulting from credit markets, higher operating costs and by liquidity issues resulting from an inability to access credit markets to obtain cash to support operations.

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

Our advisor and our various 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. Our advisor and our hotel managers purchase some of our information technology from vendors, on whom our systems depend, and our advisor relies on commercially available systems, software, tools and monitoring to provide security for processing, transmission and storage of confidential operator and other customer information, such as individually identifiable information, including information relating to financial accounts.

We often depend upon the secure transmission of this information over public networks. Our advisor's and our hotel managers' networks and storage applications may be subject to unauthorized access by hackers or others (through cyber-attacks, which are rapidly evolving and becoming increasingly sophisticated, or by other means) or may be breached due to operator error, malfeasance or other system disruptions. In some cases, it is difficult to anticipate or immediately detect such incidents and the damage caused thereby. 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. Any significant breakdown, invasion, destruction, interruption or leakage of our advisor's or our hotel managers' systems could harm us.

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.

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. No assurance can be given that applicable laws or regulations will not be amended or construed differently or that new laws and regulations will not be adopted, either of which could materially adversely affect our business, financial condition or results of operations.

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 and winter storms in the United States. 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 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.

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.

On January 15, 2021, the Company and Ashford Trust OP entered into the Oaktree Credit Agreement with Oaktree and the Administrative Agent. As of December 31, 2022, our outstanding indebtedness consists of our $196.0 million senior secured credit facility and approximately $3.6 billion in property-level debt, including approximately $3.5 billion of variable interest rate debt. We have an additional $250 million of capacity under our senior secured credit facility with Oaktree in the form of "delayed draw" term loan commitments. On October 12, 2021, we entered into Amendment No. 1 to the Oaktree Credit Agreement, which did not result in us incurring additional indebtedness or increasing our borrowing capacity under the facility but which, among other items, (i) suspends our obligations to comply with certain covenants under the facility if at any point there are no loans or accrued interest outstanding, (ii) suspends our obligation to subordinate fees due under the advisory agreement if at any point there are no loans or accrued paid-in-kind interest outstanding or any accrued dividends on any of our

preferred stock and we have a minimum level of cash, (iii) permits Oaktree to, at any time, elect to receive an exit fee (the "Exit Fee") in warrants for the purchase of common stock equal to 19.9% of all common stock outstanding on the closing date of the Oaktree Credit Agreement subject to certain upward or downward adjustments, and (iv) provides that in the event prior to the termination of the Oaktree Credit Agreement, Oaktree elects to receive the Exit Fee in warrants and any of such warrants are sold at a price per share of common stock in excess of $40, all obligations owed to Oaktree shall be reduced by an amount equal to 25% of the amount of such excess consideration, subject to certain adjustments. We may also incur 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, and we may not have sufficient borrowing capacity on our senior secured credit facility to repay any amounts that we are unable to refinance. Although we believe that we will be able to refinance or extend the maturity of these loans, or will have the capacity to repay them, if necessary, using draws under our senior secured credit facility, there can be no assurance that our senior secured credit facility will be available to repay such maturing debt, as draws under our senior secured credit facility are subject to limitations based upon our unencumbered assets and certain financial covenants. These conditions could adversely affect our financial position, results of operations, and cash flows or the market price of our stock.

Increases in interest rates could increase our debt payments.

As of December 31, 2022, our outstanding indebtedness consists of our $196.0 million senior secured credit facility and approximately $3.6 billion in property-level debt, including approximately $3.5 billion of variable interest rate debt. Increases in interest rates increase 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."

If we default on our senior secured credit facility with entities managed by Oaktree, the lenders may foreclose on our assets which are pledged as collateral.

Substantially all of our assets have been pledged as collateral in the Oaktree Credit Agreement with lending entities managed by Oaktree. If we default on the Oaktree Credit Agreement or do not meet our covenants thereunder, Oaktree will be able to foreclose on its collateral under the Oaktree Credit Agreement, which would have a material adverse effect on our business and operations. Additionally, under the Oaktree Credit Agreement, a "Change of Control" shall occur in the event, among other items, during any period of 12 consecutive months, a majority of the members of the board of directors ceases to be composed of individuals (i) who were members of that board of directors on the first day of such period, (ii) whose election or nomination to that board of directors was approved by individuals referred to in clause (i) above constituting at the time of such election or nomination at least a majority of that board of directors or (iii) whose election or nomination to that board of directors was approved by individuals referred to in clauses (i) and (ii) above constituting at the time of such election or nomination at least a majority of that board of directors. If there is a "Change of Control," Oaktree shall have the option to cause the Company to prepay all or any portion of the outstanding loans, together with a potential premium of 1% of the principal amount. Additionally, pursuant to Amendment No. 1 to the Oaktree Credit Agreement, at any time Oaktree may elect to receive the Exit Fee in warrants for the purchase of common stock equal to 19.9% of all common stock outstanding on the

closing date of the Oaktree Credit Agreement subject to certain upward or downward adjustments. In the event Oaktree elects to be paid an Exit Fee in cash or common stock, we may satisfy such Exit Fee by the issuance of warrants in an equivalent amount of common stock.

We may enter into other transactions which 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, in some instances, borrow under our senior secured credit facility or 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 secured credit facility, 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 and our senior secured credit facility 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. As of December 31, 2022, 79% of our hotels are in cash traps.

There is refinancing risk associated with our debt.

We finance our long-term growth and liquidity needs with 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. In the event that 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. If we sell a hotel, the required loan repayment may exceed the sale proceeds.

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 involve risks, 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 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.

We may be adversely affected by changes in LIBOR or SOFR reporting practices, the method in which LIBOR or SOFR is determined or the transition away from LIBOR to SOFR or other alternative reference rates.

In July 2017, the United Kingdom regulator that regulates London Interbank Offered Rate ("LIBOR") announced its intention to phase out LIBOR rates by the end of 2021. On March 5, 2021, the ICE Benchmark Administration Limited, the administrator of LIBOR, and the Financial Conduct Authority announced that all LIBOR rates will either cease to be published by any benchmark administrator, or no longer be representative immediately after December 31, 2021 for all GBP, EUR, CHF and JPY LIBOR rates and one-week and two-month U.S. dollar LIBOR rates, and immediately after June 30, 2023 for the remaining U.S. dollar LIBOR rates. As of January 1, 2022, publication of one-week and two-month U.S. dollar LIBOR has ceased, and regulated U.S. financial institutions are no longer permitted to enter into new contracts referencing any LIBOR rates. The Alternative Reference Rates Committee ("ARRC"), a committee convened by the Federal Reserve Board and the New York Federal Reserve Bank, has proposed replacing U.S. dollar LIBOR with a new index based on trading in overnight repurchase agreements, the Secured Overnight Financing Rate ("SOFR"). The ARRC has formally announced and recommended SOFR as an alternative reference rate to LIBOR. As of December 31, 2022, we had approximately $3.5 billion of variable interest rate debt as well as interest rate derivatives including caps on the majority of our variable rate debt that are indexed to LIBOR.

The methodology of calculating SOFR is different to that of LIBOR, as SOFR is calculated using short-term repurchase agreements backed by U.S. Treasury securities and is backward looking, while LIBOR is an estimated forward-looking rate and relies, to some degree, on the expert judgment of submitting panel members. In addition since SOFR is a secured rate backed by government securities, it does not take into account bank credit risk (as is the case with LIBOR). SOFR also may be more volatile than LIBOR. In July 2021, the ARRC formally recommended the use of forward-looking term rates based on SOFR published by CME Group (the "Term SOFR") on commercial loans. While Term SOFR matches more closely the term structure and forward-looking features of LIBOR, as a calculation based on a secured overnight financing rate it still does not match the credit risk-sensitive nature of LIBOR as an unsecured term rate. At this time, there is no guarantee that such transition from LIBOR to SOFR will not result in financial market disruptions.

Our financial instruments may require changes to documentation as well as enhancements and modifications to systems, controls, procedures and models, which could present operational and legal challenges for us and our clients, customers, investors and counterparties. There can be no assurance that we will be able to modify all existing financial instruments before the discontinuation of LIBOR. If such financial instruments are not remediated to provide a method for transitioning from LIBOR to an alternative reference rate, the New York state LIBOR legislation and proposed federal legislation related to the LIBOR transition may provide statutory solutions to implement an alternative reference rate and provide legal protection against litigation. Any of these proposals or consequences could have a material adverse effect on our financing costs, and as a result, our financial condition, operating results and cash flows. We continue to monitor developments in the LIBOR transition and the proposed federal legislation related to the LIBOR transition to facilitate an orderly transition away from the use of LIBOR.

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 provide a relatively stable long-term revenue stream. Hotels, on the other hand, generate revenue from guests who 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.

These factors could adversely affect our hotel revenues and expenses, as well as the hotels underlying our mortgage and mezzanine loans, which in turn could adversely affect our financial condition, results of operations, the market price of our common stock and our ability to make distributions to our stockholders.

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 rate 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.

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, at least three of which cover the entire property. Accordingly, we only own a long-term leasehold rather than a fee simple interest, with respect to all or a portion of the real property at these hotels. 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 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 these properties and our interest in the improvements upon expiration of the ground leases. We may not be able to renew any ground lease upon its expiration or if renewed, the terms may not be favorable. Our ability to exercise any extension options relating to our ground leases is subject to the condition that we are not in default under the terms of the ground lease at the time that we exercise such options. 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.

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 ("FF&E"). Managers or franchisors of our hotels also will require periodic capital improvements pursuant to the management agreements or as a condition of maintaining franchise licenses. Generally, we are responsible for the cost of these capital improvements. We may also develop hotel properties, timeshare units or other alternate uses of portions of our existing properties, including the development of retail, residential, office or apartments, including through joint ventures. Such renovation and development involves substantial risks, including:

- construction cost overruns and delays;
- the disruption of operations at, displacement of revenue at and damage to our 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;

- governmental restrictions on the nature or size of a project;
- 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;
- acts of God such as earthquakes, hurricanes, floods or fires that could adversely affect a project;
- 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 obtain additional debt or equity financing to fund future capital improvements, and we may not be able to meet the loan covenants in any financing obtained to fund the new development, creating default risks.

In addition, to the extent that developments are conducted through joint ventures, this creates additional risks, including the possibility that our partners may not meet their financial obligations or could have or develop business interests, policies or objectives that are inconsistent with ours. See "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."

Any of the above factors could affect adversely our and our partners' ability to complete the developments on schedule and along the scope that currently is contemplated, or to achieve the intended value of these projects. For these reasons, there can be no assurances as to the value to be realized by the Company from these transactions or any future similar transactions.

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 any 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. We can provide no assurances that our cash flows will 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, and we can provide no assurances that such borrowings will 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 us.

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. We can provide no assurances regarding whether, or the extent to which, lodging demand will exceed supply and if so, for what period of time. 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 us.

Many real estate costs are fixed, 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, we may be adversely affected.

Our operating expenses may increase in the future which could cause us to raise our room rates, which may deplete room occupancy, or cause us to realize lower net operating income as a result of increased expenses that are not offset by increased room rates, in either case decreasing our cash flow and our operating results.

Operating expenses, such as expenses for fuel, utilities, labor and insurance, are not fixed and may increase in the future. To the extent such increases affect our room rates and therefore our room occupancy at our lodging properties, our cash flow and operating results may be negatively 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. 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 at the expense of brand identification. These intermediaries may hope that consumers will eventually develop brand loyalties to their reservations system rather than to the brands under which our properties are franchised. Although most of the business for our hotels is expected to be derived from traditional channels, if the amount of sales made through Internet intermediaries increases significantly, rooms revenue may be lower than expected, and we may be adversely affected.

We 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 we may be adversely affected.

Our hotels may be subject to unknown or contingent liabilities which could cause us to incur substantial costs.

The hotel properties that we own or may acquire are or may be subject to unknown or contingent liabilities for which we may have no recourse, or only limited recourse, against the sellers. In general, the representations and warranties provided under the transaction agreements related to the sales of the hotel properties may not survive the closing of the transactions. While we will seek to require the sellers to indemnify us with respect to breaches of representations and warranties that survive, such indemnification may be limited and subject to various materiality thresholds, a significant deductible or an aggregate cap on losses. As a result, there is no guarantee that we will recover any amounts with respect to losses due to breaches by the sellers of their representations and warranties. In addition, the total amount of costs and expenses that may be incurred with respect to liabilities associated with these hotels may exceed our expectations, and we may experience other unanticipated adverse effects, all of which may adversely affect our financial condition, results of operations, the market price of our common stock and our ability to make distributions to our stockholders.

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

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, which could materially adversely affect us.

During 2022, approximately 11% of our total hotel revenue was generated from nine hotels located in the Washington D.C. area, one of several key U.S. markets considered vulnerable to terrorist attack. Our financial and operating performance may be adversely affected by potential terrorist attacks. Terrorist attacks in the future may cause our results to differ materially from anticipated results. Hotels we own in other market locations may be subject to this risk as well.

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

Our managers, including Remington Hotels, a subsidiary of Ashford Inc., 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 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 us.

RISKS RELATED TO CONFLICTS OF INTEREST

Our agreements with our external advisor and its subsidiaries, as well as our mutual exclusivity agreement and management agreements with Remington Hotels and Premier, subsidiaries of Ashford Inc., were not negotiated on an arm's-length basis, and we may pursue less vigorous enforcement of their terms because of conflicts of interest with certain of our executive officers and directors and key employees of our advisor.

Because each of our executive officers are also key employees of our advisor, Ashford LLC, a subsidiary of Ashford Inc. and have ownership interests in Ashford Inc. and because the chairman of our board of directors has an ownership interest in Ashford Inc., our advisory agreement, our master hotel management agreement and hotel management mutual exclusivity agreement with Remington Hotels, a subsidiary of Ashford Inc., and our master project management agreement and project management mutual exclusivity agreement with Premier, a subsidiary of Ashford Inc., among other agreements between us and subsidiaries of Ashford Inc. 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. As a result, the terms, including fees and other amounts payable, may not be as favorable to us as 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 our advisor and its subsidiaries (including Ashford LLC, Remington Hotels and Premier).

The termination fee payable to our advisor significantly increases the cost to us of terminating our advisory agreement, thereby effectively limiting our ability to terminate our advisor without cause and could make a change of control transaction less likely or the terms thereof less attractive to us and to our stockholders.

The initial term of our advisory agreement with our advisor is 10 years from the effective date of the advisory agreement, subject to an extension by our advisor for up to 7 successive additional 10-year renewal terms thereafter. The board of directors will review our advisor's performance and fees annually and, following the 10-year initial term, may elect to renegotiate the amount of fees payable under the advisory agreement in certain circumstances. Additionally, if we undergo a change of control transaction, we will have the right to terminate the advisory agreement with the payment of the termination fee described below. If we terminate the advisory agreement without cause or upon a change of control, we will be required to pay our advisor a termination fee equal to:

- (A) 1.1 multiplied by the greater of (i) 12 times the net earnings of our advisor for the 12 month period preceding the termination date of the advisory agreement; (ii) the earnings multiple (calculated as our advisor's total enterprise value on the trading day immediately preceding the day the termination notice is given to our advisor divided by our advisor's most recently reported adjusted earnings before interest, tax, depreciation and amortization ("Adjusted EBITDA")) for our advisor's common stock for the 12 month period preceding the termination date of the advisory agreement multiplied by the net earnings of our advisor for the 12 month period preceding the termination date of the advisory agreement; or (iii) the simple average of the earnings multiples for each of the three fiscal years preceding the termination of the advisory agreement (calculated as our advisor's total enterprise value on the last trading day of each of the three preceding fiscal years divided by, in each case, our advisor's Adjusted EBITDA for the same periods), multiplied by the net earnings of our advisor for the 12 month period preceding the termination date of the advisory agreement; plus

- (B) an additional amount such that the total net amount received by our advisor after the reduction by state and U.S. federal income taxes at an assumed combined rate of 40% on the sum of the amounts described in (A) and (B) shall equal the amount described in (A).

Any such termination fee will be payable on or before the termination date. Moreover, our advisor is entitled to set off, take and apply any of our money on deposit in any of our bank, brokerage or similar accounts (all of which are controlled by, and in the name of, our advisor) to amounts we owe to our advisor, including amounts we would owe to our advisor in respect of the termination fee, and in certain circumstances permits our advisor to escrow any money in such accounts into a termination fee escrow account (to which we would not have access) even prior to the time that the termination fee is payable. The termination fee makes it more difficult for us to terminate our advisory agreement. These provisions significantly increase the cost to us of terminating our advisory agreement, thereby limiting our ability to terminate our advisor without cause.

Our advisor has agreed that its right to receive fees payable under the advisory agreement, including the termination fee and liquidated damages, shall be subordinate under certain circumstances to the payment in full of obligations under the Oaktree Credit Agreement and has entered into documents necessary to subordinate our advisor's interest in such fees. On January 15, 2021, in connection with our entry into the Oaktree Credit Agreement, the Company and our advisor, together with certain affiliated entities, entered into a Subordination and Non-Disturbance Agreement pursuant to which our advisor agreed to subordinate to the prior repayment in full of all obligations under the Oaktree Credit Agreement with Oaktree, among other items, (1) advisory fees (other than reimbursable expenses) in excess of 80% of such fees paid during the fiscal year ended December 31, 2019, and (2) any termination fee or liquidated damages amounts under the advisory agreement, or any amount owed under any enhanced return funding program in connection with the termination of the advisory agreement or sale or foreclosure of assets financed thereunder.

On October 12, 2021, we entered into Amendment No. 1 to the Oaktree Credit Agreement which, among other items, suspends our obligation to subordinate fees due under the advisory agreement if at any point there is no accrued paid-in-kind interest outstanding or any accrued dividends on any of the Company's Preferred Stock and the Company has sufficient unrestricted cash to repay in full all outstanding borrowings under the Oaktree Credit Agreement.

Our advisor manages other entities and may direct attractive investment opportunities away from us. If we change our investment guidelines, our advisor is not restricted from advising clients with similar investment guidelines.

Our executive officers also serve as key employees and as officers of our advisor and Braemar, and will continue to do so. Furthermore, Mr. Monty J. Bennett, our chairman, is also the chief executive officer, chairman and a significant stockholder of our advisor and is the chairman of Braemar. Our advisory agreement requires our advisor to present investments that satisfy our investment guidelines to us before presenting them to Braemar or any future client of our advisor. Additionally, in the future our advisor may advise other clients, some of which may have investment guidelines substantially similar to ours.

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

Our advisor and its key employees, most of whom are Braemar's, Ashford Inc.'s and our executive officers, face competing demands relating to their time and this may adversely affect our operations.

We rely on our advisor and its employees for the day-to-day operation of our business. Certain key employees of our advisor are executive officers of Braemar and Ashford Inc. Because our advisor's key employees have duties to Braemar and Ashford Inc., 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, Braemar and Ashford Inc. Our advisor may also manage other entities in the future. During turbulent market conditions or other times when we need focused support and assistance from our advisor, other entities for which our advisor also acts as an external advisor will likewise require greater focus and attention as well, placing competing high levels of demand on the limited time and resources of our advisor's key employees. Additionally, activist investors have, and in the future, may commence campaigns seeking to influence other entities advised by our advisor to take particular actions favored by the activist or gain representation on the board of directors of such entities, which could result in

additional disruption and diversion of management's attention. 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 could result in our management acting other than in our stockholders' best interest.

Conflicts of interest in general and specifically relating to Ashford Inc. and its subsidiaries (including Ashford LLC, Remington Hotels and Premier) may lead to management decisions that are not in the stockholders' best interest. The chairman of our board of directors, Mr. Monty J. Bennett, is the chairman, chief executive officer and a significant stockholder of Ashford Inc. and Mr. Archie Bennett, Jr., who is our chairman emeritus, is a significant stockholder of Ashford Inc. Prior to its acquisition by Ashford Inc. on November 6, 2019, Messrs. Archie Bennett, Jr. and Monty J. Bennett beneficially owned 100% of Remington Hotels. As of December 31, 2022, Remington Hotels managed 68 of our 100 hotel properties and the WorldQuest condominium properties and provides other services.

As of December 31, 2022, Mr. Monty J. Bennett and Mr. Archie Bennett, Jr. together owned approximately 610,246 shares of Ashford Inc. common stock, which represented an approximate 19.6% 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 4,145,385 shares of Ashford Inc. common stock, which if converted would have increased the Bennetts' ownership interest in Ashford Inc. to 65.5%. The 18,758,600 Series D Convertible Preferred Stock owned by Mr. Monty J. Bennett and Mr. Archie Bennett, Jr. include 362,959 shares owned by trusts.

Messrs. Archie Bennett, Jr. and Monty J. Bennett's ownership interests in, and Mr. Monty J. Bennett's management obligations to, Ashford Inc. present them with conflicts of interest in making management decisions related to the commercial arrangements between us and Ashford Inc. Mr. Monty J. Bennett's management obligations to Ashford Inc. (and his obligations to Braemar, where he also serves as chairman of the board of directors) reduce the time and effort he spends on us. Our board of directors has adopted a policy that requires all material approvals, actions or decisions to which we have the right to make under the master hotel management agreement with Remington Hotels 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 Hotels under the master hotel management agreement and to Premier under the master project management agreement, and 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 the obligations to us under the master hotel management agreement or master project management agreement.

Holders of units in our operating partnership, including members of our management team, may suffer adverse tax consequences upon our sale of certain properties. Therefore, holders of units, either directly or indirectly, including Messrs. Archie Bennett, Jr. and Monty J. Bennett, or Mr. Mark Nunneley, our Chief Accounting Officer, may have different objectives regarding the appropriate pricing and timing of a particular property's sale. These officers and directors of ours may influence 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.

We are a party to a master hotel management agreement and a hotel management exclusivity agreement with Remington Hotels and a master project management agreement and a project management exclusivity agreement with Premier, which describes the terms of Remington Hotels' and Premier's, respectively, services to our hotels, as well as any future hotels we may acquire that may or may not be property managed by Remington Hotels or project managed by Premier. The exclusivity agreements requires us to engage Remington Hotels for hotel management and Premier for design and construction services, respectively, unless, in each case, our independent directors either: (i) unanimously vote to hire a different manager or developer; or (ii) by a majority vote, elect not to engage Remington Hotels or Premier, as the case may be, because they have determined that special circumstances exist or that, based on Remington Hotels' or Premier's prior performance, another manager or developer could perform the duties materially better. As significant owners of Ashford Inc., which would receive any development, management, and management termination fees payable by us under the management agreements, Mr. Monty J. Bennett, and to a lesser extent, Mr. Archie Bennett, Jr., in his role as chairman emeritus, may influence our decisions to sell, acquire, or develop hotels when it is not in the best interests of our stockholders to do so.

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

Our hotel management mutual exclusivity agreement with Remington requires us to engage Remington Hotels to manage all future properties that we acquire, to the extent we have the right or control the right to direct such matters, unless our

independent directors either: (i) unanimously vote not to hire Remington Hotels or (ii) based on special circumstances or past performance, by a majority vote, elect not to engage Remington Hotels because they have determined, in their reasonable business judgment, that it would be in our best interest not to engage Remington Hotels or that another manager or developer could perform the duties materially better. Under our master hotel management agreement with Remington Hotels, we have the right to terminate Remington Hotels 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 Hotels, its competitive set will consist of a small group of hotels in the relevant market that we and Remington Hotels believe are comparable for purposes of benchmarking the performance of such hotel. Remington Hotels will have significant influence over the determination of the competitive set for any of our hotels managed by Remington Hotels, and as such 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 Hotels-managed hotel, thereby making it more difficult for us to elect not to use Remington Hotels for future hotel management.

Under the terms of our hotel management mutual exclusivity agreement with Remington Hotels, Remington Hotels may be able to pursue lodging investment opportunities that compete with us.

Pursuant to the terms of our hotel management mutual exclusivity agreement with Remington Hotels, if investment opportunities that satisfy our investment criteria are identified by Remington Hotels or its affiliates, Remington Hotels 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 Hotels may then pursue such investment opportunity, subject to a right of first refusal in favor of Braemar, pursuant to an existing agreement between Braemar and Remington Hotels, on materially the same terms and conditions as offered to us. If we were to reject such an investment opportunity, either Braemar or Remington Hotels could pursue the opportunity and compete with us. In such a case, Mr. Monty J. Bennett, our chairman, in his capacity as chairman of Braemar or chief executive officer of Ashford Inc. could be in a position of directly competing with us.

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.

We, as the general partner of our operating partnership, 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, in the event of 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, those persons holding common units will 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 are unable to 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. Tax consequences to holders of common units upon a sale or refinancing of our properties may cause the interests of the key employees of our advisor (who are also our executive officers and have ownership interests in our operating partnership) to differ from our stockholders.

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

In order to avoid any actual or perceived conflicts of interest with our directors or officers or our advisor's employees, we adopted a policy regarding conflicts of interest to address specifically some of the conflicts relating to our activities. Although under this policy the approval of a majority of our disinterested directors is required to approve any transaction, agreement or relationship in which any of our directors or officers or our advisor or it has an interest, there is no assurance that this policy will be adequate to address all of the conflicts that may arise or will resolve such conflicts in a manner that is favorable to us.

RISKS RELATED TO DERIVATIVE TRANSACTIONS

We have engaged in and may continue to engage in derivative transactions, which can limit our gains and expose us to losses.

We have entered into and may continue to enter into hedging transactions to: (i) attempt to take advantage of changes in prevailing interest rates; (ii) protect our portfolio of mortgage assets from interest rate fluctuations; (iii) protect us from the effects of interest rate fluctuations on floating-rate debt; (iv) protect us from the risk of fluctuations in the financial and capital markets; or (v) preserve net cash in the event of a major downturn in the economy. Our hedging transactions may include entering into interest rate swap agreements, interest rate cap or floor agreements or flooridor and corridor agreements, credit default swaps and purchasing or selling futures contracts, purchasing or selling put and call options on securities or securities underlying futures contracts, or entering into forward rate agreements. Hedging activities may not have the desired beneficial impact on our results of operations or financial condition. Volatile fluctuations in market conditions could cause these instruments to become ineffective. Any gains or losses associated with these instruments are reported in our earnings each period. No hedging activity can completely insulate us from the risks inherent in our business.

Credit default hedging could fail to protect us or adversely affect us because if a swap counterparty cannot perform under the terms of our credit default swap, we may not receive payments due under such agreement and, thus, we may lose any potential benefit associated with such credit default swap. Additionally, we may also risk the loss of any cash collateral we have pledged to secure our obligations under such credit default swaps if the counterparty becomes insolvent or files for bankruptcy.

Moreover, interest rate hedging could fail to protect us or adversely affect us because, among other things:

- available interest rate hedging may not correspond directly with the interest rate risk for which protections is sought;
- the duration of the hedge may not match the duration of the related liability;
- the party owing money in the hedging transaction may default on its obligation to pay;
- the credit quality of the party owing money on the hedge may be downgraded to such an extent that it impairs our ability to sell or assign our side of the hedging transaction; and
- the value of derivatives used for hedging may be adjusted from time to time in accordance with generally accepted accounting principles ("GAAP") to reflect changes in fair value and such downward adjustments, or "market-to-market loss," would reduce our stockholders' equity.

Hedging involves both risks and costs, including transaction costs, which may reduce our overall returns on our investments. These costs increase as the period covered by the hedging relationship increases and during periods of rising and volatile interest rates. These costs will also limit the amount of cash available for distributions to stockholders. We generally intend to hedge to the extent management determines it is in our best interest given the cost of such hedging transactions as compared to the potential economic returns or protections offered. The REIT qualification rules may limit our ability to enter into hedging transactions by requiring us to limit our income and assets from hedges. If we are unable to hedge effectively because of the REIT rules, we will face greater interest rate exposure than may be commercially prudent.

We are subject to the risk of default or insolvency by the hospitality entities underlying our investments.

The leveraged capital structure of the hospitality entities underlying our investments will increase their exposure to adverse economic factors (such as rising interest rates, competitive pressures, downturns in the economy or deterioration in the condition of the real estate industry) and to the risk of unforeseen events. If an underlying entity cannot generate adequate cash flow to meet such entity's debt obligations (which may include leveraged obligations in excess of its aggregate assets), it may default on its loan agreements or be forced into bankruptcy. As a result, we may suffer a partial or total loss of the capital we have invested in the securities and other investments of such entity.

The derivatives provisions of the Dodd-Frank Act and related rules could have an adverse effect on our ability to use derivative instruments to reduce the negative effect of interest rate fluctuations on our results of operations and liquidity, credit default risks and other risks associated with our business.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") establishes federal oversight and regulation of the over-the-counter derivatives market and entities, including us, that participate in that market. As required by the Dodd-Frank Act, the Commodities Futures Trading Commission (the "CFTC"), the SEC and other regulators have adopted certain rules implementing the swaps regulatory provisions of the Dodd-Frank Act and are in the process of adopting other rules to implement those provisions. Numerous provisions of the Dodd-Frank Act and the CFTC's rules relating to derivatives that qualify as "swaps" thereunder apply or may apply to the derivatives to which we are or may become a counterparty. Under such statutory provisions and the CFTC's rules, we must clear on a derivatives clearing organization any

over-the-counter swap we enter into that is within a class of swaps designated for clearing by CFTC rule and execute trades in such cleared swap on an exchange if the swap is accepted for trading on the exchange unless such swap is exempt from such mandatory clearing and trade execution requirements. We may qualify for and intend to elect the end-user exception from those requirements for swaps we enter to hedge our commercial risks and that are subject to the mandatory clearing and trade execution requirements. If we are required to clear or voluntarily elect to clear any swaps we enter into, those swaps will be governed by standardized agreements and we will have to post margin with respect to such swaps. To date, the CFTC has designated only certain types of interest rate swaps and credit default swaps for clearing and trade execution. Although we believe that none of the interest rate swaps and credit default swaps to which we are currently party fall within those designated types of swaps, we may enter into swaps in the future that will be subject to the mandatory clearing and trade execution requirements and subject to the risks described.

Rules recently adopted by banking regulators and the CFTC in accordance with a requirement of the Dodd-Frank Act require regulated financial institutions and swap dealers and major swap participants that are not regulated financial institutions to collect margin with respect to uncleared swaps to which they are parties and to which financial end users, among others, are their counterparties. We will qualify as a financial end user for purposes of such margin rules. We will not have to post initial margin with respect to our uncleared swaps under the new rules because we do not have material swaps exposure as defined in the new rules. However, we will be required to post variation margin (most likely in the form of cash collateral) with respect to each of our uncleared swaps subject to the new margin rules in an amount equal to the cumulative decrease in the market-to-market value of such swap to our counterparty as of any date of determination from the value of such swap as of the date of the swap's execution. The SEC has proposed margin rules for security-based swaps to which regulated financial institutions are not counterparties. Those proposed rules differ from the CFTC's margin rules, but the final form that those rules will take and their effect is uncertain at this time.

The Dodd-Frank Act has caused certain market participants, and may cause other market participants, including the counterparties to our derivative instruments, to spin off some of their derivatives activities to separate entities. Those entities may not be as creditworthy as the historical counterparties to our derivatives.

Some of the rules required to implement the swaps-related provisions of the Dodd-Frank Act remain to be adopted, and the CFTC has, from time to time, issued and may in the future issue interpretations and no-action letters interpreting, and clarifying the application of, those provisions and the related rules or delaying compliance with those provisions and rules. As a result, it is not possible at this time to predict with certainty the full effects of the Dodd-Frank Act, the CFTC's rules and the SEC's rules on us and the timing of such effects.

The Dodd-Frank Act and the rules adopted thereunder could significantly increase the cost of derivative contracts (including from swap recordkeeping and reporting requirements and through requirements to post margin with respect to our swaps, which could adversely affect our available liquidity), materially alter the terms of derivative contracts, reduce the availability of derivatives to protect against risks we encounter, reduce our ability to monetize or restructure our existing derivative contracts, and increase our exposure to less creditworthy counterparties. If we reduce our use of derivatives as a result of the Dodd-Frank Act and the related rules, our results of operations may become more volatile and our cash flows may be less predictable, which could adversely affect our ability to plan for and fund capital expenditures and to pay dividends to our stockholders. Any of these consequences could have a material adverse effect on our consolidated financial position, results of operations and cash flows.

RISKS RELATED TO INVESTMENTS IN SECURITIES, MORTGAGES AND MEZZANINE LOANS

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 other public companies and REITs (including Braemar). 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.

Debt investments that are not United States government insured involve risk of loss.

As part of our business strategy, we may originate or acquire lodging-related uninsured and mortgage assets, including mezzanine loans. While holding these interests, we are subject to risks of borrower defaults, bankruptcies, fraud and related losses, and special hazard losses that are not covered by standard hazard insurance. Also, costs of financing the mortgage loans could exceed returns on the mortgage loans. In the event of any default under mortgage loans held by us, we will bear the risk of loss of principal and non-payment of interest and fees to the extent of any deficiency between the value of the mortgage collateral and the principal amount of the mortgage loan. We suffered significant impairment charges with respect to our investments in mortgage loans in 2009 and 2010. The value and the price of our securities may be adversely affected.

We may invest in non-recourse loans, which will limit our recovery to the value of the mortgaged property.

Our mortgage and mezzanine loan assets have typically been non-recourse. With respect to non-recourse mortgage loan assets, in the event of a borrower default, the specific mortgaged property and other assets, if any, pledged to secure the relevant mortgage loan, may be less than the amount owed under the mortgage loan. As to those mortgage loan assets that provide for recourse against the borrower and its assets generally, we cannot assure you that the recourse will provide a recovery in respect of a defaulted mortgage loan greater than the liquidation value of the mortgaged property securing that mortgage loan.

Investment yields affect our decision whether to originate or purchase investments and the price offered for such investments.

In making any investment, we consider the expected yield of the investment and the factors that may influence the yield actually obtained on such investment. These considerations affect our decision whether to originate or purchase an investment and the price offered for that investment. No assurances can be given that we can make an accurate assessment of the yield to be produced by an investment. Many factors beyond our control are likely to influence the yield on the investments, including, but not limited to, competitive conditions in the local real estate market, local and general economic conditions, and the quality of management of the underlying property. Our inability to accurately assess investment yields may result in our purchasing assets that do not perform as well as expected, which may adversely affect the price of our securities.

Volatility of values of mortgaged properties may adversely affect our mortgage loans.

Lodging property values and net operating income derived from lodging properties are subject to volatility and may be affected adversely by a number of factors, including the risk factors described herein relating to general economic conditions, operating lodging properties, and owning real estate investments. In the event its net operating income decreases, one of our borrowers may have difficulty paying our mortgage loan, which could result in losses to us. In addition, decreases in property values will reduce the value of the collateral and the potential proceeds available to our borrowers to repay our mortgage loans, which could also cause us to suffer losses.

We may not be able to raise capital through financing activities and may have difficulties negotiating with lenders in times of distress due to our complex structure and property-level indebtedness.

Substantially all of our assets are encumbered by property-level indebtedness; therefore, we may be limited in our ability to raise additional capital through property-level or other financings. In addition, our ability to raise additional capital could be limited to refinancing existing secured mortgages before their maturity date which may result in yield maintenance or other prepayment penalties to the extent that the mortgage is not open for prepayment at par. Due to these limitations on our ability to raise additional capital, we may face difficulties obtaining liquidity and negotiating with lenders in times of distress.

Mezzanine loans involve greater risks of loss than senior loans secured by income-producing properties.

We may make and acquire mezzanine loans. These types of loans are considered to involve a higher degree of risk than long-term senior mortgage lending secured by income-producing real property due to a variety of factors, including the loan being entirely unsecured or, if secured, becoming unsecured as a result of foreclosure by the senior lender. We may not recover some or all of our investment in these loans. In addition, mezzanine loans may have higher loan-to-value ratios than conventional mortgage loans resulting in less equity in the property and increasing the risk of loss of principal.

The assets associated with certain of our derivative transactions may not constitute qualified REIT assets and the related income may not constitute qualified REIT income. Significant fluctuations in the value of such assets or the related income could jeopardize our REIT status or result in additional tax liabilities.

We may enter into certain derivative transactions to protect against interest rate risks and credit default risks not specifically associated with debt incurred to acquire qualified REIT assets. The REIT provisions of the Code limit our income and assets in each year from such derivative transactions. Failure to comply with the asset or income limitation within the REIT provisions of the Code could result in penalty taxes or loss of our REIT status. If we elected to contribute non-qualifying derivatives into a TRS to preserve our REIT status, such an action could likely result in any income from such transactions being subject to U.S. federal income taxation.

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 contain investments concentrated in a single industry and will not be fully diversified.

We have formed subsidiaries for the primary purpose of acquiring securities and other investments of lodging-related entities. As such, our investment portfolio will 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.

The values of our investments are affected by the U.S. credit and financial markets and, as such, may fluctuate.

The U.S. credit and financial markets may experience severe dislocations and liquidity disruptions. The values of our investments are likely to be sensitive to the volatility of the U.S. credit and financial markets, and, to the extent that turmoil in the U.S. credit and financial markets occurs, such volatility has the potential to materially affect the value of our investment portfolio.

We may invest in securities for which there is no liquid market, and we may be unable to dispose of such securities at the time or in the manner that may be most favorable to us, which may adversely affect our business.

We may invest in securities for which there is no liquid market or which may be subject to legal and other restrictions on resale or otherwise be less liquid than publicly traded securities generally. The relative illiquidity of these investments may make it difficult for us to sell these investments when desired. In addition, if we are required to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the value at which we had previously recorded these investments. Our investments may occasionally be subject to contractual or legal restrictions on resale or will be otherwise illiquid due to the fact that there is no established trading market for such securities, or such trading market is thinly traded. The relative illiquidity of such investments may make it difficult for us to dispose of them at a favorable price, and, as a result, we may suffer losses.

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 or mortgage loans in our portfolio for reasonable prices in response to changing economic, financial, and investment conditions is limited.

We may decide to sell hotel properties or loans in the future. We cannot predict whether we will be able to sell any hotel property or loan 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 may sell a property at a loss as compared to carrying value. We also cannot predict the length of time needed to find a willing purchaser and to close the sale of a hotel property or loan. We may offer more flexible terms on our mortgage loans than some providers of commercial mortgage loans, and as a result, we may have more difficulty selling or participating our loans to secondary purchasers than would these more traditional lenders.

We may be required to expend funds to correct defects or to make improvements before a property can be sold. We cannot assure you that we will have funds available to correct those defects or to make those improvements. In acquiring 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 will be 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 and/or preferred 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 and properties underlying our loan assets may be subject

to environmental liabilities. An owner of real property, or a lender with respect to a party that exercises control over the 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 or properties underlying our loan assets of which we are unaware. Some of our hotel properties or the properties underlying our loan assets 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 or if we foreclose on the property or otherwise have control over the property.

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

We generally have environmental insurance policies on each of our owned properties, and we intend to obtain environmental insurance for any other properties that we may acquire. However, if environmental liabilities are discovered during the underwriting of the insurance policies for any property that we may acquire in the future, we may be unable to obtain insurance coverage for the liabilities at commercially reasonable rates or at all, and we may experience losses. In addition, we generally do not require our borrowers to obtain environmental insurance on the properties they own that secure their loans from us.

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.

The Biden administration has announced in 2021 and 2022, and in certain cases has enacted, a number of tax proposals to fund new government investments in infrastructure, healthcare, and education, among other things. Certain of these proposals involve an increase in the domestic corporate tax rate, which if implemented could have a material impact on our future results of operations and cash flows. 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 creates a number of potentially beneficial tax credits to incentivize investments in certain technologies and industries. Certain provisions of the IRA will become effective beginning in fiscal 2023. We do not believe the IRA will have a material negative impact on our business.

Our properties and the properties underlying our mortgage loans 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 or the properties underlying our loan assets could require us or our borrowers 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 or our borrowers 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 or our borrowers to incur substantial costs.

All of our properties and properties underlying our mortgage loans 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 and our borrowers 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 obtain only limited warranties when we purchase a property and would have only limited recourse if our due diligence did not identify any issues that lower the value of our property, which could adversely affect our financial condition and ability to make distributions to our stockholders.

We may acquire a hotel property in its "as is" condition on a "where is" basis and "with all faults," without any warranties of merchantability or fitness for a particular use or purpose. In addition, purchase agreements may contain only limited warranties, representations and indemnifications that will only survive for a limited period after the closing, or provide a cap on the amount of damages we can recover. The purchase of properties with limited warranties increases the risk that we may lose some or all our invested capital in the property as well as the loss of income from that property.

We may experience uninsured or underinsured losses.

We have 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 with the intent to satisfy the requirements of lenders and franchisors). In doing so, we have made 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, the cost of insurance and other factors.

Various types of catastrophic losses may not be insurable or may not be economically insurable. In the event of a substantial loss, our insurance coverage may not cover the full current market value or replacement cost of our lost investment, including losses incurred in relation to the COVID-19 pandemic or cybersecurity incidents. 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, there can be no assurance that:

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

In the future, we may choose not to maintain terrorism or other insurance policies on any of our properties. As a result, one or more large uninsured or underinsured losses could have a material adverse effect on us.

Each of our current lenders requires us to maintain certain insurance coverage thresholds, and we anticipate that future lenders will have similar requirements. We believe that we have complied with the insurance maintenance requirements under the current governing loan documents and we intend to comply with any such requirements in any future loan documents. However, a lender may disagree, in which case 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, subject us to a foreclosure on hotels securing one or more loans. In addition, a material casualty to one or more hotels securing 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, or the lender foreclosing on the hotels if there is a material loss that is not insured.

RISKS RELATED TO OUR STATUS AS A REIT

If we do not qualify as a REIT, we will be subject to tax as a regular corporation and could face substantial tax liability.

We conduct operations so as to qualify as a REIT under the Code. However, qualification as a REIT involves the application of highly technical and complex Code provisions for which only a limited number of judicial or administrative interpretations exist. Even a technical or inadvertent mistake could jeopardize our REIT status 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. Due to the gain we recognized as a result of the spin-off of Braemar, if Braemar were to fail to qualify as a REIT for 2013, we may have failed to qualify as a REIT for 2013 and subsequent taxable years. Furthermore, new tax legislation, administrative guidance, or court decisions, in each instance potentially with retroactive effect, could make it more difficult or impossible for us to qualify as a REIT.

If we fail to qualify as a REIT in any tax year, then:

- we would be taxed as a regular domestic corporation, which, among other things, means being unable to deduct distributions to our stockholders in computing taxable income and being subject to U.S. federal income tax on our taxable income at regular corporate rates;
- we would also be subject to federal alternative minimum tax for taxable years beginning before January 1, 2018, and, possibly, increased state and local income taxes;
- any resulting tax liability could be substantial and would reduce the amount of cash available for distribution to stockholders; and
- unless we were entitled to relief under applicable statutory provisions, we would be disqualified from treatment as a REIT for the subsequent four taxable years following the year that we lost our qualification, and, thus, our cash available for distribution to stockholders could be reduced for each of the years during which we did not 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 not be required to make distributions to stockholders to maintain our tax status. As a result of all of these factors, our failure to qualify as a REIT could impair our ability to raise capital, expand our business, and make distributions to our stockholders and could 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. 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 continue to 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 that have increased our state and local income tax burden 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 us to continue to qualify as a REIT for U.S. federal income tax purposes. In order to continue to qualify as a REIT, we generally are required to distribute at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gain, each year to our stockholders. To

the extent that we satisfy this distribution requirement, but distribute less than 100% of our REIT taxable income, we will be subject to U.S. federal corporate income tax on our undistributed taxable income. In addition, we will be subject to a 4% nondeductible excise tax if the actual amount that we pay out to our stockholders in a calendar year is less than a minimum amount specified under the Code.

Our TRS lessee structure increases our overall tax liability.

Our TRS lessees 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, net of the operating expenses for such hotel properties and rent payments to us. Accordingly, although our ownership of our TRS lessees allows us to participate in the operating income from our hotel properties in addition to receiving fixed rent, the net operating income is fully subject to income tax. The after-tax net income of our TRS lessees is available for distribution to us.

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, there can be no assurance that we will be able to avoid application of the 100% excise tax discussed above.

If our hotel managers, including Ashford Hospitality Services LLC and its subsidiaries (including Remington Hotels) 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 is not qualifying income for purposes of the two gross income tests applicable to REITs. We lease all of our hotels to our TRS lessees. 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 of the REIT "savings clauses" applied.

If our hotel managers, including Ashford Hospitality Services LLC ("AHS") and its subsidiaries (including Remington Hotels), 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, there can be no assurance that these ownership levels will not be exceeded. Additionally, we and AHS and its subsidiaries, including Remington Hotels, must comply with the provisions of the private letter ruling we obtained from the IRS in connection with Ashford Inc.'s acquisition of Remington Hotels to ensure that AHS and its subsidiaries, including Remington Hotels, continue to qualify as "eligible independent contractors."

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% (based on the current maximum U.S. federal income tax rate for individuals of 37%). 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.

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 would be subject to higher taxes and have less cash available for distribution to our stockholders and suffer other adverse consequences.

We believe that our operating partnership qualifies to 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 required to include in income its allocable share of the operating partnership's income. No assurance can be provided, however, that the IRS will not challenge its status as a partnership for U.S. federal income tax purposes, or that a court would not sustain such a challenge. If the IRS were successful in treating our operating partnership as a corporation for tax purposes, we would fail to meet the gross income tests and certain of the asset tests applicable to REITs and, accordingly, cease to qualify as a REIT. Also, the failure of our operating partnership to qualify as a partnership would 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, 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 may utilize 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).

Complying with REIT requirements may cause us to forgo 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 stock. We may be required to make distributions to stockholders at disadvantageous times or when we do not have funds readily available for distribution. Thus, compliance with the REIT requirements may hinder our ability to operate solely on the basis of maximizing profits.

Complying with REIT requirements may limit our ability to hedge effectively.

The REIT provisions of the Code may limit our ability to hedge mortgage securities and related borrowings by requiring us to limit our income and assets in each year from certain hedges, together with any other income not generated from qualified real estate assets, to no more than 25% of our gross income. In addition, we must limit our aggregate income from nonqualified hedging transactions, from our provision of services, and from other non-qualifying sources to no more than 5% of our annual gross income. As a result, we may have to limit our use of advantageous hedging techniques. This could result in greater risks associated with changes in interest rates than we would otherwise want to incur. However, for transactions that we enter into to protect against interest rate risks on debt incurred to acquire qualified REIT assets and for which we identify as hedges for tax purposes, any associated hedging income is excluded from the 95% income test and the 75% income test applicable to a REIT. In addition, similar rules apply to income from positions that primarily manage risk with respect to a prior hedge entered into by a REIT in connection with the extinguishment or disposal (in whole or in part) of the liability or asset related to such prior hedge, to the extent the new position qualifies as a hedge or would so qualify if the hedged position were ordinary property. If we were to violate the 25% or 5% limitations, we may have to pay a penalty tax equal to the amount of income in excess of those limitations multiplied by a fraction intended to reflect our profitability. If we fail to satisfy the REIT gross income tests, unless our failure was due to reasonable cause and not due to willful neglect such that a REIT "savings clause" applied, we could lose our REIT status for U.S. federal income tax purposes.

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, and 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 our 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 our 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. 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 shares of our common stock instead of cash, in which case stockholders may be required to pay income taxes in excess of the cash dividends they receive.

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 (10% for distributions declared on or after November 1, 2021, and on or before June 30, 2022).

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 taxes with respect to such dividends in excess of the cash dividends received. If a U.S. stockholder sells the shares of 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 shares of common stock. In addition, 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. Although a safe harbor to the characterization of the sale of real property by a REIT as a prohibited transaction is available, we cannot assure you that we can comply with the safe harbor or that we will avoid owning property that may be characterized as held primarily for sale to customers in the ordinary course of business. Consequently, we may choose not to engage in certain sales of our properties or 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 stockholder return received by our stockholders.

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 be treated, for U.S. federal income tax purposes, as a corporation.

If Braemar failed to qualify as a REIT for 2013, it would significantly affect our ability to maintain our REIT status.

For U.S. federal income tax purposes, we recorded a gain of approximately $145.7 million as a result of the spin-off of Braemar in November 2013. If Braemar qualified for taxation as a REIT for 2013, that gain was qualifying income for purposes of our 2013 REIT income tests. If, however, Braemar failed to qualify as a REIT for 2013, that gain would be non-qualifying income for purposes of the 75% gross income test. Although Braemar covenanted in the Separation and Distribution Agreement to use reasonable best efforts to qualify as a REIT in 2013, no assurance can be given that it so qualified. If Braemar failed to qualify, we would have failed our 2013 REIT income tests, which would either result in our loss of our REIT status for 2013

and the following four taxable years or result in a significant tax in 2013 that has not been accrued or paid and thereby would materially negatively impact our business, financial condition and potentially impair our ability to continue operating in the future.

Your investment in our securities has various federal, state, and local income tax risks that could affect the value of your investment.

We strongly urge you to consult your own tax advisor concerning the effects of federal, state, and local income tax law on an investment in our securities because of the complex nature of the tax rules applicable to REITs and their stockholders.

Our failure to qualify as a REIT would potentially give rise to a claim for damages from Braemar.

In connection with the spin-off of Braemar, which was completed in November 2013, we represented in the Separation and Distribution Agreement with Braemar that we have no knowledge of any fact or circumstance that would cause us to fail to qualify as a REIT. In the event of a breach of this representation, Braemar may be able to seek damages from us, which could have a significantly negative effect on our liquidity and results of operations.

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 increased 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 CORPORATE STRUCTURE

Our charter, the partnership agreement of our operating partnership and Maryland law contain 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 (i) 9.8% of the lesser of the total number or value (whichever is more restrictive) of the outstanding shares of our common stock or (ii) 9.8% of the total number or value (whichever is more restrictive) 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 any class or series of our stock by an individual or entity could nevertheless cause that individual or entity to own constructively in excess of 9.8% of a class or series of outstanding stock, and thus be subject to our charter's ownership limit. Any attempt to own or transfer shares of our 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 a 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. These actions can be taken without obtaining stockholder approval. Our issuance of additional classes of common stock or preferred stock could substantially dilute the interests of the holders of our common stock. Such issuances could also 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.

Certain provisions in the partnership agreement of 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 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 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 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 other provisions of Maryland law, if they became applicable to us, 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 provisions and control share provisions of the MGCL and prevents us from making any elections under Subtitle 8 of the MGCL. Because these provisions are contained in our charter, they cannot be amended unless the board of directors recommends the amendment and the stockholders approve the amendment. Any such amendment would require the affirmative vote of two-thirds of the outstanding voting power of our common stock. Additionally, in connection with the transactions contemplated by the Credit Agreement, on January 15, 2021, the Company entered into an investor agreement (the "Investor Agreement") with Oaktree. Pursuant to the Investor Agreement, we are not permitted to elect to be subject to, or publicly recommend any charter amendment to our stockholders that would permit our board of directors to elect to be subject to, the business combination/moratorium provisions or share control provisions of Maryland law or any similar state anti-takeover law, except to the extent Oaktree and its affiliates are expressly exempted.

We depend on our operating partnership and its subsidiaries for cash flow and are effectively structurally subordinated in right of payment to the obligations of our operating partnership and its subsidiaries, which could adversely affect our ability to make distributions to our stockholders.

We have no business operations of our own. Our only significant asset is and will be the general and limited partnership interests of our operating partnership. We conduct, and intend to continue to conduct, all of our business operations through our operating partnership. Accordingly, our only source of cash to pay our obligations is distributions from our operating partnership and its subsidiaries of their net earnings and cash flows. We cannot assure our stockholders that our operating partnership or its subsidiaries will be able to, or be permitted to, make distributions to us that will enable us to make distributions to our stockholders from cash flows from operations. Each of our operating partnership's subsidiaries is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from such entities. Therefore, in the event of our bankruptcy, liquidation or reorganization, our assets and those of our operating partnership and its subsidiaries will be able to satisfy the claims of our stockholders only after all of our and our operating partnership and its subsidiaries liabilities and obligations have been paid in full.

Offerings of debt securities, which would be senior to our common stock and any preferred stock upon liquidation, or equity securities, which would dilute our existing stockholders' holdings and could be senior to our common stock for the purposes of dividend distributions, may adversely affect the market price of our common stock and any preferred stock.

We may attempt to increase our capital resources by making additional 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 or preferred units and lenders with respect to other borrowings will receive a distribution of our available assets prior to the holders of shares of preferred stock or common stock. Furthermore, 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. Additional equity offerings may dilute the holdings of our existing stockholders or reduce the market price of our common or preferred stock or both. Our preferred stock or preferred units could have a preference on liquidating distributions or a preference on dividend payments that could limit our ability to make a dividend 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.

Securities eligible for future sale may have adverse effects on the market price of our securities.

We cannot predict the effect, if any, of future sales of securities, or the availability of securities for future sales, on the market price of our outstanding securities. Sales of substantial amounts of common stock, or the perception that these sales could occur, may adversely affect prevailing market prices for our securities.

We also may issue from time to time additional shares of our securities or units of our operating partnership in connection with the acquisition of properties and we may grant additional demand or piggyback registration rights in connection with these issuances. Sales of substantial amounts of our securities or the perception that such sales could occur may adversely affect the prevailing market price for our securities or may impair our ability to raise capital through a sale of additional debt or equity securities.

An increase in market interest rates may have an adverse effect on the market price of our securities.

A factor investors may consider in deciding whether to buy or sell our securities is our dividend rate as a percentage of our share or unit price relative to market interest rates. If market interest rates increase, prospective investors may desire a higher dividend or interest rate on our securities or seek securities paying higher dividends or interest. The market price of our

securities is likely based on the earnings and return that we derive from our investments, income with respect to our properties, and our related distributions to stockholders and not necessarily from the market value or underlying appraised value of the properties or investments themselves. As a result, interest rate fluctuations and capital market conditions can affect the market price of our securities. For instance, if interest rates rise without an increase in our dividend rate, the market price of our common or preferred stock could decrease because potential investors may require a higher dividend yield on our common or preferred stock as market rates on interest-bearing securities, such as bonds, rise. In addition, rising interest rates would result in increased interest expense on our variable-rate debt, thereby adversely affecting cash flow and our ability to service our indebtedness and pay dividends.

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

Our board of directors has overall authority to oversee our operations and determine our major corporate policies. This authority includes significant flexibility. For example, our board of directors can do the following:

- 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 our advisor under certain conditions pursuant to the advisory agreement, subject to the payment of a termination fee;
- 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, subject to the limitations and restrictions provided in our advisory agreement and mutual exclusivity agreement;
- 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;
- issue additional shares 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, 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, 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 not 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 stockholders the right to vote.

The ability of our board of directors to change our major policies without the consent of stockholders may not be in our stockholders' interest.

Our board of directors determines our major policies, including policies and guidelines relating to our acquisitions, leverage, financing, growth, operations and distributions to stockholders. Our board of directors may amend or revise these and other policies and guidelines from time to time without the vote or consent of our stockholders, subject to certain limitations and restrictions provided in our advisory agreement. Accordingly, our stockholders will have limited control over changes in our policies and those changes could adversely affect our financial condition, results of operations, the market price of our stock and our ability to make distributions to our stockholders.

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 active and deliberate dishonesty established by a final judgment to have been 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 fund the defense costs incurred by our 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 400,000,000 shares of common stock and 50,000,000 shares of preferred stock. As of March 8, 2023, we had 34,495,124 shares of our common stock issued and outstanding, 1,174,427 shares of our Series D Cumulative Preferred Stock, 1,251,044 shares of our Series F Cumulative Preferred Stock, 1,531,996 shares of our Series G Cumulative Preferred Stock, 1,308,415 shares of our Series H Cumulative Preferred Stock, and 1,252,923 shares of our Series I Cumulative Preferred Stock, 201,571 shares of our Series J Redeemable Preferred stock and 5,400 shares of our Series K Redeemable Preferred Stock. Accordingly, we may issue up to an additional 365,504,876 shares of common stock and 43,274,224 shares of preferred stock.

Future issuances of common stock or preferred stock 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. Future issuances 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.

Item 1B. *Unresolved Staff Comments*

None.

Item 2. Properties

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

HOTEL PROPERTIES. As of December 31, 2022, our portfolio consisted of 100 consolidated hotel properties that were included in our consolidated operations. Currently, all of our hotel properties are located in the United States. The following table presents certain information related to our hotel properties:

Hotel Property	Location	Service Type	Total Rooms	% Owned	Owned Rooms	Year Ended December 31, 2022		
						Occupancy	ADR	RevPAR
Fee Simple Properties								
Embassy Suites	Austin, TX	Full service	150	100	150	71.83 %	$ 167.00	$ 119.96
Embassy Suites	Dallas, TX	Full service	150	100	150	62.29 %	$ 133.16	$ 82.94
Embassy Suites	Herndon, VA	Full service	150	100	150	72.20 %	$ 153.79	$ 111.04
Embassy Suites	Las Vegas, NV	Full service	220	100	220	76.11 %	$ 161.54	$ 122.95
Embassy Suites	Flagstaff, AZ	Full service	119	100	119	80.05 %	$ 166.72	$ 133.46
Embassy Suites	Houston, TX	Full service	150	100	150	65.94 %	$ 148.01	$ 97.60
Embassy Suites	West Palm Beach, FL	Full service	160	100	160	77.50 %	$ 187.42	$ 145.25
Embassy Suites	Philadelphia, PA	Full service	263	100	263	75.45 %	$ 160.31	$ 120.95
Embassy Suites	Walnut Creek, CA	Full service	249	100	249	82.59 %	$ 170.40	$ 140.73
Embassy Suites	Arlington, VA	Full service	269	100	269	74.96 %	$ 195.94	$ 146.87
Embassy Suites	Portland, OR	Full service	276	100	276	55.38 %	$ 173.18	$ 95.91
Embassy Suites	Santa Clara, CA	Full service	258	100	258	63.05 %	$ 212.37	$ 133.90
Embassy Suites	Orlando, FL	Full service	174	100	174	87.81 %	$ 163.13	$ 143.24
Hilton Garden Inn	Jacksonville, FL	Select service	119	100	119	73.08 %	$ 137.72	$ 100.65
Hilton Garden Inn	Austin, TX	Select service	254	100	254	66.00 %	$ 200.85	$ 132.56
Hilton Garden Inn	Baltimore, MD	Select service	158	100	158	74.41 %	$ 125.41	$ 93.31
Hilton Garden Inn	Virginia Beach, VA	Select service	176	100	176	81.62 %	$ 149.50	$ 122.02
Hilton	Houston, TX	Full service	242	100	242	60.98 %	$ 129.60	$ 79.04
Hilton	St. Petersburg, FL	Full service	333	100	333	64.87 %	$ 199.34	$ 129.32
Hilton	Santa Fe, NM	Full service	158	100	158	71.17 %	$ 217.50	$ 154.80
Hilton	Bloomington, MN	Full service	300	100	300	52.70 %	$ 132.40	$ 69.78

Hotel Property	Location	Service Type	Total Rooms	% Owned	Owned Rooms	Year Ended December 31, 2022		
						Occupancy	ADR	RevPAR
Hilton	Costa Mesa, CA	Full service	486	100	486	74.18 %	$ 143.22	$ 106.24
Hilton	Boston, MA	Full service	390	100	390	79.05 %	$ 269.46	$ 213.02
Hilton	Parsippany, NJ	Full service	353	100	353	41.58 %	$ 157.90	$ 65.66
Hilton	Tampa, FL	Full service	238	100	238	75.76 %	$ 158.99	$ 120.45
Hilton	Alexandria, VA	Full service	252	100	252	61.07 %	$ 193.34	$ 118.08
Hilton	Santa Cruz, CA	Full service	178	100	178	70.08 %	$ 196.31	$ 137.56
Hilton	Ft. Worth, TX	Full service	294	100	294	59.11 %	$ 183.76	$ 108.62
Hampton Inn	Lawrenceville, GA	Select service	85	100	85	77.25 %	$ 118.51	$ 91.55
Hampton Inn	Evansville, IN	Select service	140	100	140	57.02 %	$ 116.34	$ 66.34
Hampton Inn	Parsippany, NJ	Select service	152	100	152	55.32 %	$ 137.33	$ 75.97
Hampton Inn	Buford, GA	Select service	92	100	92	80.43 %	$ 139.15	$ 111.92
Marriott	Beverly Hills, CA	Full service	260	100	260	89.34 %	$ 249.28	$ 222.70
Marriott	Durham, NC	Full service	225	100	225	70.01 %	$ 138.70	$ 97.11
Marriott	Arlington, VA	Full service	701	100	701	68.56 %	$ 192.23	$ 131.80
Marriott	Bridgewater, NJ	Full service	349	100	349	58.16 %	$ 182.95	$ 106.40
Marriott	Dallas, TX	Full service	265	100	265	66.23 %	$ 137.83	$ 91.29
Marriott	Fremont, CA	Full service	357	100	357	55.61 %	$ 152.26	$ 84.67
Marriott	Memphis, TN	Full service	232	100	232	67.93 %	$ 151.06	$ 102.61
Marriott	Irving, TX	Full service	499	100	499	76.02 %	$ 150.01	$ 114.05
Marriott	Omaha, NE	Full service	300	100	300	53.10 %	$ 133.29	$ 70.78
Marriott	Sugarland, TX	Full service	300	100	300	73.95 %	$ 142.50	$ 105.38
SpringHill Suites by Marriott	Baltimore, MD	Select service	133	100	133	65.41 %	$ 110.25	$ 72.11
SpringHill Suites by Marriott	Kennesaw, GA	Select service	90	100	90	67.10 %	$ 126.26	$ 84.71
SpringHill Suites by Marriott	Buford, GA	Select service	97	100	97	71.55 %	$ 123.38	$ 88.28
SpringHill Suites by Marriott	Manhattan Beach, CA	Select service	164	100	164	72.38 %	$ 141.03	$ 102.08
SpringHill Suites by Marriott	Plymouth Meeting, PA	Select service	199	100	199	52.56 %	$ 109.34	$ 57.47
Fairfield Inn by Marriott	Kennesaw, GA	Select service	86	100	86	62.47 %	$ 120.95	$ 75.55
Courtyard by Marriott	Bloomington, IN	Select service	117	100	117	58.29 %	$ 143.10	$ 83.42
Courtyard by Marriott - Tremont	Boston, MA	Select service	315	100	315	67.89 %	$ 249.18	$ 169.16
Courtyard by Marriott	Columbus, IN	Select service	90	100	90	52.76 %	$ 104.70	$ 55.25
Courtyard by Marriott	Denver, CO	Select service	202	100	202	86.27 %	$ 150.58	$ 129.90
Courtyard by Marriott	Gaithersburg, MD	Select service	210	100	210	60.23 %	$ 153.67	$ 92.56
Courtyard by Marriott	Crystal City, VA	Select service	272	100	272	74.89 %	$ 151.34	$ 113.35
Courtyard by Marriott	Overland Park, KS	Select service	168	100	168	49.26 %	$ 122.50	$ 60.34
Courtyard by Marriott	Foothill Ranch, CA	Select service	156	100	156	72.47 %	$ 145.92	$ 105.75
Courtyard by Marriott	Alpharetta, GA	Select service	154	100	154	59.31 %	$ 114.62	$ 67.98
Courtyard by Marriott	Oakland, CA	Select service	156	100	156	78.22 %	$ 131.73	$ 103.04
Courtyard by Marriott	Scottsdale, AZ	Select service	180	100	180	80.03 %	$ 156.11	$ 124.93
Courtyard by Marriott	Plano, TX	Select service	153	100	153	52.43 %	$ 125.24	$ 65.66
Courtyard by Marriott	Newark, CA	Select service	181	100	181	66.45 %	$ 126.46	$ 84.03
Courtyard by Marriott	Manchester, CT	Select service	90	100	90	80.89 %	$ 141.11	$ 114.15
Courtyard by Marriott	Basking Ridge, NJ	Select service	235	100	235	42.42 %	$ 147.37	$ 62.52
Marriott Residence Inn	Evansville, IN	Select service	78	100	78	73.66 %	$ 109.50	$ 80.65
Marriott Residence Inn	Orlando, FL	Select service	350	100	350	73.32 %	$ 146.42	$ 107.35
Marriott Residence Inn	Falls Church, VA	Select service	159	100	159	76.10 %	$ 144.09	$ 109.66
Marriott Residence Inn	San Diego, CA	Select service	150	100	150	88.30 %	$ 195.20	$ 172.36
Marriott Residence Inn	Salt Lake City, UT	Select service	144	100	144	59.08 %	$ 138.67	$ 81.92
Marriott Residence Inn	Las Vegas, NV	Select service	256	100	256	78.59 %	$ 149.60	$ 117.57
Marriott Residence Inn	Phoenix, AZ	Select service	200	100	200	61.60 %	$ 119.63	$ 73.69
Marriott Residence Inn	Plano, TX	Select service	126	100	126	62.93 %	$ 93.27	$ 58.69
Marriott Residence Inn	Newark, CA	Select service	168	100	168	72.75 %	$ 140.58	$ 102.27
Marriott Residence Inn	Manchester, CT	Select service	96	100	96	83.92 %	$ 145.74	$ 122.30
Marriott Residence Inn	Jacksonville, FL	Select service	120	100	120	78.33 %	$ 131.61	$ 103.09
TownePlace Suites by Marriott	Manhattan Beach, CA	Select service	143	100	143	76.37 %	$ 146.92	$ 112.20
One Ocean	Atlantic Beach, FL	Full service	193	100	193	64.61 %	$ 284.52	$ 183.82
Sheraton Hotel	Langhorne, PA	Full service	186	100	186	60.71 %	$ 152.13	$ 92.35

Hotel Property	Location	Service Type	Total Rooms	% Owned	Owned Rooms	Year Ended December 31, 2022		
						Occupancy	ADR	RevPAR
Sheraton Hotel	Minneapolis, MN	Full service	220	100	220	44.71 %	$ 125.32	$ 56.03
Sheraton Hotel	Indianapolis, IN	Full service	378	100	378	52.30 %	$ 162.40	$ 84.93
Sheraton Hotel	Anchorage, AK	Full service	370	100	370	68.80 %	$ 173.25	$ 119.20
Sheraton Hotel	San Diego, CA	Full service	260	100	260	72.27 %	$ 149.17	$ 107.80
Hyatt Regency	Coral Gables, FL	Full service	254	100	254	77.87 %	$ 234.17	$ 182.34
Hyatt Regency	Hauppauge, NY	Full service	358	100	358	54.92 %	$ 160.09	$ 87.92
Hyatt Regency	Savannah, GA	Full service	351	100	351	91.08 %	$ 222.72	$ 202.85
Renaissance	Nashville, TN	Full service	673	100	673	82.59 %	$ 260.19	$ 214.89
Annapolis Historic Inn	Annapolis, MD	Full service	124	100	124	59.25 %	$ 195.32	$ 115.72
Lakeway Resort & Spa	Austin, TX	Full service	168	100	168	58.93 %	$ 269.50	$ 158.81
Silversmith	Chicago, IL	Full service	144	100	144	49.43 %	$ 205.46	$ 101.56
The Churchill	Washington, D.C.	Full service	173	100	173	62.24 %	$ 176.93	$ 110.12
The Melrose	Washington, D.C.	Full service	240	100	240	66.33 %	$ 195.67	$ 129.80
Le Pavillon	New Orleans, LA	Full service	226	100	226	45.78 %	$ 185.23	$ 84.80
The Ashton	Ft. Worth, TX	Full service	39	100	39	66.95 %	$ 174.86	$ 117.06
Westin	Princeton, NJ	Full service	296	100	296	62.89 %	$ 165.13	$ 103.86
W	Atlanta, GA	Full service	237	100	237	64.37 %	$ 244.68	$ 157.50
Hotel Indigo	Atlanta, GA	Full service	141	100	141	58.49 %	$ 151.86	$ 88.82
Ritz-Carlton	Atlanta, GA	Full service	444	100	444	61.15 %	$ 287.76	$ 175.96
La Posada de Santa Fe	Santa Fe, NM	Full service	157	100	157	81.36 %	$ 283.18	$ 230.40
Ground Lease Properties								
Crowne Plaza [1] [2]	Key West, FL	Full service	160	100	160	75.92 %	$ 389.04	$ 295.38
Renaissance [3]	Palm Springs, CA	Full service	410	100	410	66.49 %	$ 187.27	$ 124.52
Hilton [4]	Marietta, GA	Full service	200	100	200	49.56 %	$ 129.46	$ 64.16
Total			22,316		22,316	67.61 %	$ 176.77	$ 119.51

[1] The ground lease expires in 2084.

[2] The Company entered into a new franchise agreement with Marriott to convert the Crowne Plaza La Concha Key West Hotel in Key West, Florida to an Autograph Collection property. The agreement with Marriott calls for the Hotel to be converted to an Autograph property by July 1, 2023.

[3] The ground lease expires in 2059 with one 25-year extension option.

[4] The lease expires in 2054 and includes the lease of the land, hotel and conference center (including the building, improvements, furniture, fixtures and equipment).

Item 3. Legal Proceedings

Litigation—*Palm Beach Florida Hotel and Office Building Limited Partnership, et al. v. Nantucket Enterprises, Inc.* This litigation involves a landlord tenant dispute from 2008. The litigation was resolved in 2017 with the determination and reimbursement of attorneys' fees being the only remaining dispute. On July 26, 2018, we paid $544,000 as part of a settlement on certain legal fees. The negotiations relating to the potential payment of the remaining attorney's fees are still ongoing, pending the appeal of a contempt order against the Maraist Law Firm for failing to produce their fee records. As of December 31, 2022, we have accrued approximately $504,000 in legal fees, which represents the Company's estimate of the amount of potential remaining legal fees that could be owed.

On December 4, 2015, Pedro Membrives filed a class action lawsuit against HHC TRS FP Portfolio LLC, Remington Lodging & Hospitality, LLC, Remington Holdings LLC, Mark A. Sharkey, Archie Bennett, Jr., Monty J. Bennett, Christopher Peckham, and any other related entities in the Supreme Court of New York, Nassau County, Commercial Division. On August 30, 2016, the complaint was amended to add Michele Spero as a Plaintiff and Remington Long Island Employers, LLC as a defendant. The lawsuit is captioned *Pedro Membrives and Michele Spero, individually and on behalf of others similarly situated v. HHC TRS FP Portfolio LLC, Remington Lodging & Hospitality, LLC, Remington Holdings LLC, Remington Long Island Employers, LLC, et al., Index No. 607828/2015 (Sup. Ct. Nassau Cty.)*. The plaintiffs allege that the owner and management company of the Hyatt Regency Long Island hotel violated New York law by improperly retaining service charges rather than distributing them to employees. In 2017, the class was certified. On July 24, 2018, the trial court granted the plaintiffs' motion for summary judgment on liability. The defendants appealed the summary judgment to the New York State Appellate Division, Second Department (the "Second Department"). The Second Department heard oral arguments in this matter on April 20, 2021, and on July 14, 2021, affirmed in part, and modified in part, the trial court's summary judgment in favor of the plaintiffs. Due to the Second Department's holding, all information produced during discovery, and the continuing cost and risk, to both sides, a settlement was reached, signed by the parties and approved by the Court in June 2022. The

settlement required the Company to establish a settlement fund that will be used to pay plaintiffs that opted in by November 10, 2022 and are entitled to receive payment, and to fund administrative expenses. The Company previously recorded an accrual of approximately $4.2 million and paid a $100,000 deposit. On December 1, 2022, the Court issued a final award of approximately $7.0 million. The settlement amount was prepared by the plaintiff's expert which was confirmed by the Estate Administrator, all in accordance with the settlement agreement and based on a generally accepted methodology. The Company agreed to the settlement amount of approximately $7.0 million, subject to its right to recover $263,000 that is being held in reserve. On December 7, 2022, the Company remitted payment of $6.9 million, net of the $100,000 deposit and recorded additional expense of approximately $2.8 million, which is in addition to the $4.2 million expense previously recorded.

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 nine hotels owned by subsidiaries of the Company. The court has entered an order granting class certification with respect to: (1) 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 (2) 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. While we believe it is reasonably possible that we may incur a loss associated with this litigation, because there remains uncertainty under California law with respect to a significant legal issue, discovery relating to class members continues, and the trial judge retains discretion to award lower penalties than set forth in the applicable California employment laws, we do not believe that any potential loss to the Company is reasonably estimable at this time. As of December 31, 2022, no amounts have 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 Disability 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. However, our assessment may change depending upon the development of these legal proceedings, and the final results of these legal proceedings cannot be predicted with certainty. If we 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*

(a) Market Price of and Dividends on Registrant's Common Equity and Related Stockholder Matters

Market Price and Dividend Information

Our common stock is listed and traded on the New York Stock Exchange under the symbol "AHT." On March 8, 2023, there were 170 registered holders of record of our common stock.

For the year ended December 31, 2022 we did not declare or pay common stock dividends. On December 6, 2022, the board of directors approved our dividend policy for 2023, which continued the suspension of the Company's common stock dividend into 2023. The board of directors will continue to review our dividend policy and make future announcements with respect thereto. We may incur indebtedness to meet distribution requirements imposed on REITs under the Code to the extent that working capital and cash flow from our investments are insufficient to fund required distributions. To maintain our qualification as a REIT, we intend to make annual distributions to our stockholders of at least 90% of our REIT taxable income, excluding net capital gains (which does not necessarily equal net income as calculated in accordance with GAAP). Distributions will be authorized by our board of directors and declared by us based upon a variety of factors deemed relevant by our directors. Our ability to pay distributions to our stockholders will depend, in part, upon our receipt of distributions from our

operating partnership. This, in turn, may depend upon receipt of lease payments with respect to our properties from indirect, wholly-owned subsidiaries of our operating partnership and the management of our properties by our hotel managers and general business conditions.

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 for the following fiscal years:

	2022		2021		2020	
	Amount	%	Amount	%	Amount	%
Common Stock (cash):						
Ordinary taxable dividend	$ —	— %	$ —	— %	$ —	— %
Capital gain distribution	—	—	—	—	—	—
Return of capital	—	—	—	—	0.6000 [1]	100.0000
Total	$ —	— %	$ —	— %	$ 0.6000	100.0000 %
Preferred Stock – Series D:						
Ordinary taxable dividend	$ —	— %	$ —	— %	$ —	— %
Capital gain distribution	—	—	—	—	—	—
Return of capital	2.1125 [1]	100.0000	3.1686 [1]	100.0000	1.0562 [1]	100.0000
Total	$ 2.1125	100.0000 %	$ 3.1686	100.0000 %	$ 1.0562	100.0000 %
Preferred Stock – Series F:						
Ordinary taxable dividend	$ —	— %	$ —	— %	$ —	— %
Capital gain distribution	—	—	—	—	—	—
Return of capital	1.8438 [1]	100.0000	2.7654 [1]	100.0000	0.9218 [1]	100.0000
Total	$ 1.8438	100.0000 %	$ 2.7654	100.0000 %	$ 0.9218	100.0000 %
Preferred Stock – Series G:						
Ordinary taxable dividend	$ —	— %	$ —	— %	$ —	— %
Capital gain distribution	—	—	—	—	—	—
Return of capital	1.8438 [1]	100.0000	2.7654 [1]	100.0000	0.9218 [1]	100.0000
Total	$ 1.8438	100.0000 %	$ 2.7654	100.0000 %	$ 0.9218	100.0000 %
Preferred Stock – Series H:						
Ordinary taxable dividend	$ —	— %	$ —	— %	$ —	— %
Capital gain distribution	—	—	—	—	—	—
Return of capital	1.8750 [1]	100.0000	2.8125 [1]	100.0000	0.9375 [1]	100.0000
Total	$ 1.8750	100.0000 %	$ 2.8125	100.0000 %	$ 0.9375	100.0000 %
Preferred Stock – Series I:						
Ordinary taxable dividend	$ —	— %	$ —	— %	$ —	— %
Capital gain distribution	—	—	—	—	—	—
Return of capital	1.8750 [1]	100.0000	2.8125 [1]	100.0000	0.9375 [1]	100.0000
Total	$ 1.8750	100.0000 %	$ 2.8125	100.0000 %	$ 0.9375	100.0000 %
Preferred Stock – Series J:						
Ordinary taxable dividend	$ —	— %	$ —	— %	$ —	— %
Capital gain distribution	—	—	—	—	—	—
Return of capital	0.1666 [1]	100.0000	—	—	—	—
Total	$ 0.1666	100.0000 %	$ —	— %	$ —	— %

[1] The fourth quarter 2019 preferred and common distributions paid January 16, 2020 are treated as 2020 distributions for tax purposes. The fourth quarter 2021 preferred distributions paid January 14, 2022 are treated as 2022 distributions for tax purposes. The fourth quarter 2022 preferred distributions paid January 17, 2023 are treated as 2023 distributions for tax purposes.

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 as of December 31, 2022:

	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	211,000	N/A	86,000	[2]
Equity compensation plans not approved by security holders	None	N/A	None	
Total	211,000	N/A	86,000	

[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 2021 and 2022 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 2022 PSUs in cash rather than shares of common stock.

[2] As of December 31, 2022, there were approximately 86,000 shares of our common stock, or securities convertible into approximately 86,000 shares of our common stock that remained available for issuance under our 2021 Stock Incentive Plan.

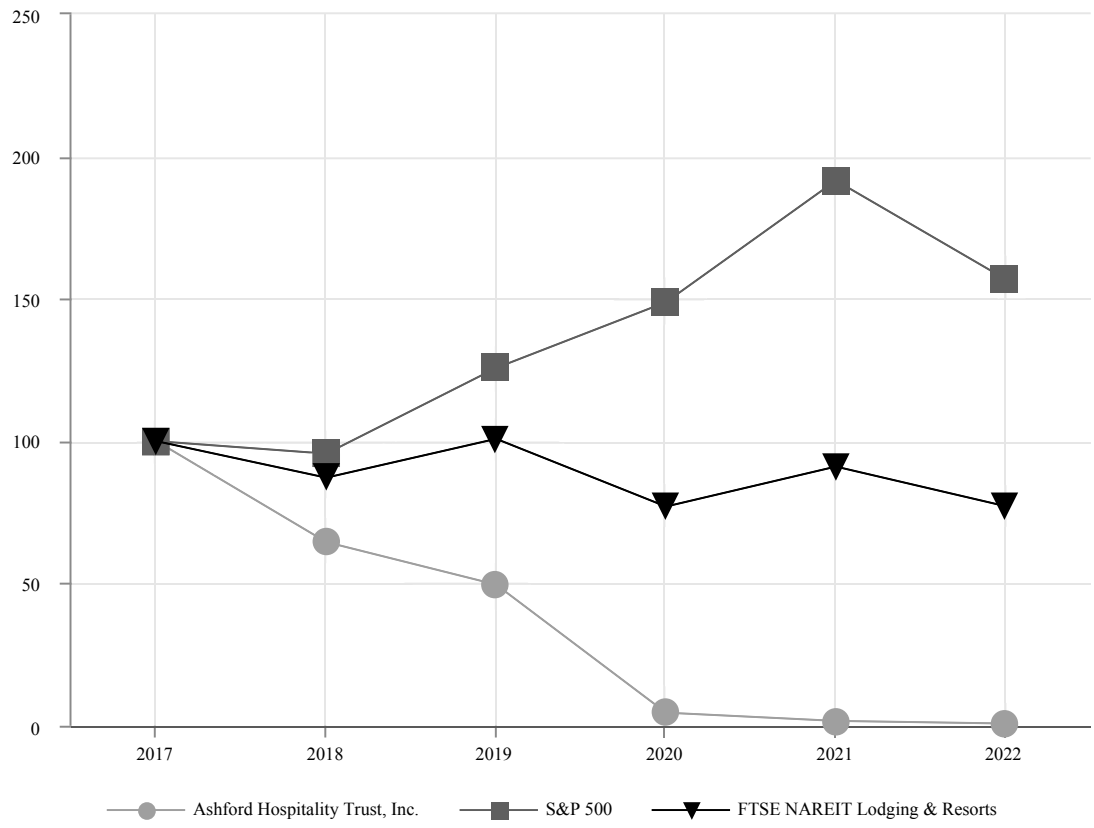
Performance Graph

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, 2017 through December 31, 2022, assuming an initial investment of $100 in stock on December 31, 2017 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 Ashford Hospitality Trust, Inc., Attention: Stockholder Relations, 14185 Dallas Parkway, Suite 1200, Dallas, Texas 75254.

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

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN

Among Ashford Hospitality Trust, Inc., the S&P Index and the FTSE NAREIT Lodging & Resorts Index



Purchases of Equity Securities by the Issuer

The following table provides the information with respect to purchases of shares of our common stock during each of the months in the fourth quarter of 2022:

Period	Total Number of Shares Purchased		Average Price Paid Per Share		Total Number of Shares Purchased as Part of Publicly Announced Plan [1]	Maximum Dollar Value of Shares That May Yet Be Purchased Under the Plan [1]
Common stock:						
October 1 to October 31	706		$ —	[2]	—	$ 200,000,000
November 1 to November 30	70		—	[2]	—	200,000,000
December 1 to December 31	3,032	[3]	5.25	[2]	—	200,000,000
Total	3,808		$ 5.25		—	

[1] On April 6, 2022 the board of directors approved a stock repurchase program pursuant to which the board of directors granted a repurchase authorization to acquire shares of the Company's common stock and preferred stock having an aggregate value of up to $200 million. The board of directors' authorization replaced the previous repurchase authorization that the board of directors authorized in December 2017.

[2] There is no cost associated with the forfeiture of 706, 70 and 1,720 restricted shares of our common stock in October, November and December, respectively.

[3] Includes 1,312 shares in December that were withheld to cover tax-withholding requirements related to the vesting of restricted shares of our common stock issued to employees of our advisor pursuant to the Company's stockholder-approved stock incentive plan.

Item 6. ***Reserved***

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

This section of this Form 10-K generally discusses 2022 and 2021 items and year-to-year comparisons between 2022 and 2021. Discussions of 2021 items and year-to-year comparisons between 2021 and 2020 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, 2021.

EXECUTIVE OVERVIEW

General

As of December 31, 2022, our portfolio consisted of 100 consolidated hotel properties which represents 22,316 total rooms. Currently, all of our hotel properties are located in the United States.

Based on our primary business objectives and forecasted operating conditions, our current key priorities and financial strategies include, among other things:

- maintain significant cash and cash equivalents liquidity;
- opportunistically exchange preferred stock into common stock;
- disposition of non-core hotel properties;
- pursuing capital market activities to enhance long-term stockholder value;
- implementing selective capital improvements designed to increase profitability;
- implementing effective asset management strategies to minimize operating costs and increase revenues;
- financing or refinancing hotels on competitive terms;
- modifying or extending property-level indebtedness;
- utilizing hedges and derivatives to mitigate risks;
- pursue opportunistic value-add additions to our hotel portfolio: and
- making other investments or divestitures that our board of directors deems appropriate.

Our current investment strategy is to focus on owning predominantly full-service hotels in the upper upscale segment in domestic markets that have RevPAR generally less than twice the national average. We believe that as supply, demand, and capital market cycles change, we will be able to shift our investment strategy to take advantage of new lodging-related investment opportunities as they may develop. Our board of directors may change our investment strategy at any time without stockholder approval or notice. We will continue to seek ways to benefit from the cyclical nature of the hotel industry.

Liquidity

As of December 31, 2022, the Company held cash and cash equivalents of $417.1 million and restricted cash of $142.0 million. The vast majority of the restricted cash comprises lender and manager held reserves. On January 11, 2023, the Company announced that its board of directors declared cash dividends on the Company's 8.45% Series D Cumulative Preferred Stock, 7.375% Series F Cumulative Preferred Stock, 7.375% Series G Cumulative Preferred Stock, 7.50% Series H Cumulative Preferred Stock, and 7.50% Series I Cumulative Preferred Stock for the first quarter ending March 31, 2023. The Company also announced that its board of directors declared cash dividends on the Company's Series J Redeemable Preferred Stock equal to a quarterly rate of $0.50 per share, payable as follows: $0.1666 per share was paid on February 15, 2023 to stockholders of record as of January 31, 2023; $0.1666 per share will be paid on March 15, 2023 to stockholders of record as of February 28, 2023; and $0.1666 per share will be paid on April 17, 2023 to stockholders of record as of March 31, 2023; and declared a monthly cash dividend for the Company's Series K Redeemable Preferred Stock equal to a quarterly rate of $0.5125 per share, payable as follows: $0.1708 per share was paid on February 15, 2023 to stockholders of record as of January 31, 2023; $0.1708 per share will be paid on March 15, 2023 to stockholders of record as of February 28, 2023; and $0.1708 per share will be paid on April 17, 2023 to stockholders of record as of March 31, 2023. The Company has continued the suspension of its common stock dividend into 2023.

Recent Developments

In August 2022, given the recent increases in interest rates on short-term U.S. Treasury securities, the independent members of our board of directors approved the engagement of our Advisor to proactively manage and invest the Company's excess cash in short-term U.S. Treasury securities (the "Cash Management Strategy"). As consideration for the Advisor's

services under this engagement, the Company will pay the Advisor an annual fee equal to 20 basis points (0.20%) of the average daily balance of the Company's excess cash invested by the Advisor (the "Cash Management Fee") in this strategy. The Cash Management Fee will be calculated and payable monthly in arrears. Investment of the Company's excess cash pursuant to the Cash Management Strategy commenced in October 2022.

On November 9, 2022, we amended our $25.0 million mortgage loan, secured by the La Posada de Santa Fe. Terms of the amendment replaced the variable interest rate of LIBOR + 2.70% with SOFR + 2.80%.

On November 9, 2022, we amended our $98.0 million mortgage loan, secured by the Boston Back Bay Hilton. Terms of the amendment replaced the variable interest rate of LIBOR + 3.80% with SOFR + 3.91%.

On December 7, 2022, we amended our $8.9 million mortgage loan, secured by the Fort Worth Ashton hotel. Terms of the amendment replaced the variable interest rate of LIBOR + 2.00% with SOFR + 2.00%.

On December 15, 2022, we amended our $16.1 million mortgage loan, secured by the Atlanta Indigo. Terms of the amendment replaced the variable interest rate of LIBOR + 2.25% with SOFR + 2.85%. Additionally, we repaid $810,000 of principal and exercised the first one-year extension option.

On December 16, 2022, our operating partnership entered into an Agreement of Purchase and Sale with Ashford LLC, pursuant to which, effective as of December 16, 2022, our operating partnership acquired one hundred percent (100%) of the equity interests in (i) Marietta Leasehold LP (the "Lessee"), the lessee of the Marietta Hotel, and (ii) Marietta Leasehold GP LLC, the sole general partner of the Lessee and, in exchange therefor, the Company forgave, cancelled and discharged in full the outstanding ES Manhattan ERFP Balance. See note 17 to our consolidated financial statements.

On December 22, 2022, we amended our $37.0 million mortgage loan, secured by the Le Pavillon Hotel in New Orleans, Louisiana. The new mortgage loan totals $37.0 million and provides for an interest rate of SOFR + 4.00% with a 0.50% SOFR floor. The mortgage loan has a two-year term with three one-year extension options, subject to the satisfaction of certain conditions.

On February 9, 2023, the Company amended its JP Morgan Chase – 8 hotel mortgage loan, which had a current maturity in February 2023. As part of the amendment, the Company repaid $50.0 million in principal, exercised the 2023 loan extension and reduced the 2024 debt yield extension test from 9.25% to 8.50%.

RESULTS OF OPERATIONS

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. Beginning in 2020, the COVID-19 pandemic had a direct impact on demand but we have seen demand recover in 2022.

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. Beginning in 2020, the COVID-19 pandemic had a direct impact on supply. As the economy recovers from COVID-19, we have experienced supply growth in certain markets.

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 and Hyatt 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.

The following table summarizes the changes in key line items from our consolidated statements of operations for the years ended December 31, 2022, 2021 and 2020 (in thousands):

	Year Ended December 31,			Favorable (Unfavorable) Change	
	2022	2021	2020	2022 to 2021	2021 to 2020
Total revenue	$1,240,859	$ 805,411	$ 508,238	$ 435,448	$ 297,173
Total hotel expenses	(835,993)	(576,806)	(434,672)	(259,187)	(142,134)
Property taxes, insurance and other	(67,338)	(67,904)	(79,669)	566	11,765
Depreciation and amortization	(201,797)	(218,851)	(252,765)	17,054	33,914
Impairment charges	—	—	(91,721)	—	91,721
Advisory service fee	(49,897)	(52,313)	(50,050)	2,416	(2,263)
Corporate, general and administrative	(9,879)	(16,153)	(28,048)	6,274	11,895
Gain (loss) on disposition of assets and hotel properties	300	1,449	(36,680)	(1,149)	38,129
Operating income (loss)	76,255	(125,167)	(465,367)	201,422	340,200
Equity in earnings (loss) of unconsolidated entities	(804)	(558)	(448)	(246)	(110)
Interest income	4,777	207	672	4,570	(465)
Other income (expense)	415	760	(16,998)	(345)	17,758
Interest expense and amortization of discounts and loan costs	(226,995)	(156,119)	(247,381)	(70,876)	91,262
Write-off of premiums, loan costs and exit fees	(3,536)	(10,612)	(13,867)	7,076	3,255
Gain (loss) on extinguishment of debt	—	11,896	90,349	(11,896)	(78,453)
Unrealized gain (loss) on marketable securities	—	—	(1,467)	—	1,467
Realized and unrealized gain (loss) on derivatives	15,166	14,493	19,950	673	(5,457)
Income tax benefit (expense)	(6,336)	(5,948)	1,335	(388)	(7,283)
Net income (loss)	(141,058)	(271,048)	(633,222)	129,990	362,174
(Income) loss from consolidated entities attributable to noncontrolling interests	—	73	338	(73)	(265)
Net (income) loss attributable to redeemable noncontrolling interests in operating partnership	1,233	3,970	89,008	(2,737)	(85,038)
Net income (loss) attributable to the Company	$ (139,825)	$ (267,005)	$ (543,876)	$ 127,180	$ 276,871

Comparison of Year Ended December 31, 2022 with Year Ended December 31, 2021

All hotel properties owned during the years ended December 31, 2022 and 2021 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, operating results for certain hotel properties are not comparable for the years ended December 31, 2022 and 2021. 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 acquisitions and dispositions affect reporting comparability related to our consolidated financial statements:

Hotel Property	Location	Type	Date
Le Meridien Minneapolis [(1)]	Minneapolis, MN	Disposition	January 20, 2021
SpringHill Suites Durham [(1)]	Durham, NC	Disposition	April 29, 2021
SpringHill Suites Charlotte [(1)]	Charlotte, NC	Disposition	April 29, 2021
Sheraton Ann Arbor [(1)]	Ann Arbor, MI	Disposition	September 1, 2022
Hilton Marietta [(2)]	Marietta, GA	Acquisition	December 16, 2022

(1) Collectively referred to as "Hotel Dispositions"

(2) Referred to as "Hotel Acquisition"

The following table illustrates the key performance indicators of the hotel properties and WorldQuest included in our results of operations:

	Year Ended December 31,	
	2022	2021
RevPAR (revenue per available room)	$ 118.89	$ 79.44
Occupancy	67.56 %	55.62 %
ADR (average daily rate)	$ 175.98	$ 142.82

The following table illustrates the key performance indicators of the 99 hotel properties and WorldQuest that were included in our results of operations for the full years ended December 31, 2022 and 2021, respectively:

	Year Ended December 31,	
	2022	2021
RevPAR	$ 119.07	$ 79.78
Occupancy	67.64 %	55.78 %
ADR	$ 176.03	$ 143.04

Comparison of the Years Ended December 31, 2022 and 2021

Net Income (Loss) Attributable to the Company. Net loss attributable to the Company decreased $127.2 million from $267.0 million for the year ended December 31, 2021 ("2021") to $139.8 million for the year ended December 31, 2022 ("2022") as a result of the factors discussed below.

Revenue. Rooms revenue from our hotel properties and WorldQuest increased $318.9 million, or 48.7%, to $974.0 million in 2022 compared to 2021. This increase is attributable to higher rooms revenue of $319.7 million at our comparable hotel properties and WorldQuest as our hotel properties recover from the effects of the COVID-19 pandemic, an increase of $205,000 from our Hotel Acquisitions and a decrease of $975,000 from our Hotel Dispositions. Our comparable hotel properties experienced an increase of 23.1% in room rates and an increase of 1,186 basis points in occupancy.

Food and beverage revenue increased $101.8 million, or 107.2%, to $196.7 million in 2022 compared to 2021. This increase is attributable to higher sales of food and beverage of $101.4 million at our comparable hotel properties and WorldQuest as a result of the COVID-19 pandemic, an increase of $123,000 from our Hotel Acquisitions and an increase of $268,000 from our Hotel Dispositions.

Other hotel revenue, which consists mainly of Internet access, parking, and spa revenue, increased $14.2 million, or 26.7%, to $67.3 million in 2022 compared to 2021. This increase is attributable to higher other revenue of $14.2 million from our comparable hotel properties and WorldQuest as our hotel properties recover from the effects of the COVID-19 pandemic.

Other revenue increased $617,000, or 27.2%, to $2.9 million in 2022 compared to 2021.

Hotel Operating Expenses. Hotel operating expenses increased $259.2 million, or 44.9%, to $836.0 million in 2022 compared to 2021. Hotel operating expenses consist of direct expenses from departments associated with revenue streams and indirect expenses associated with support departments and management fees. Direct expenses increased $141.3 million in 2022 compared to 2021, comprised of an increase of $141.4 million from our comparable hotel properties and WorldQuest as our hotel properties continue to recover from the effects of the COVID-19 pandemic and an increase of $60,000 from our Hotel Acquisitions, partially offset by a decrease of $98,000 from our Hotel Dispositions. Direct expenses were 30.8% of total hotel revenue for 2022 and 29.9% for 2021. Indirect expenses and management fees increased $117.9 million in 2022 compared to 2021, comprised of an increase of $118.8 million from our comparable hotel properties and WorldQuest as our hotel properties continue to recover from the effect of the COVID-19 pandemic and an increase of $149,000 from our Hotel Acquisitions, partially offset by a decrease of $1.1 million from our Hotel Dispositions.

Property Taxes, Insurance and Other. Property taxes, insurance and other expense decreased $566,000 or 0.8%, to $67.3 million in 2022 compared to 2021, which was primarily due to a decrease of $341,000 from our comparable hotel properties and WorldQuest and a decrease of $229,000 from our Hotel Dispositions.

Depreciation and Amortization. Depreciation and amortization decreased $17.1 million or 7.8%, to $201.8 million in 2022 compared to 2021, which consisted of lower depreciation of $1.4 million from our Hotel Dispositions and lower depreciation of $15.7 million at our comparable hotel properties and WorldQuest primarily due to fully depreciated assets.

Advisory Services Fee. Advisory services fee decreased $2.4 million, or 4.6%, to $49.9 million in 2022 compared to 2021. The advisory services fee represents fees incurred in connection with the advisory agreement between Ashford Inc. and the Company. In 2022, the advisory services fee was comprised of a base advisory fee of $34.8 million, equity-based compensation of $5.2 million associated with equity grants of our common stock and LTIP units awarded to the officers and employees of Ashford Inc. and reimbursable expenses of $9.9 million. In 2021, the advisory services fee was comprised of a base advisory fee of $36.2 million, equity-based compensation of $9.1 million associated with equity grants of our common stock and LTIP units awarded to the officers and employees of Ashford Inc. and reimbursable expenses of $6.9 million.

Corporate, General and Administrative. Corporate, general and administrative expense decreased $6.3 million, or 38.8%, to $9.9 million in 2022 compared to 2021. The decrease was primarily attributable to lower legal and professional fees of $5.0 million and a revision to the estimated contribution amount associated with the Second Amended and Restated Contribution Agreement with Ashford Securities that resulted in a net credit to expense of $2.6 million. These decreases were partially offset by higher public company costs of $239,000 and higher miscellaneous expenses of $1.1 million.

Gain (Loss) on Disposition of Assets and Hotel Properties. Gain on disposition of assets and hotel properties decreased $1.1 million, from $1.4 million in 2021 to $300,000 in 2022. The gain in 2021 was primarily related to a franchise fee reimbursement of $327,000 related to the disposition of the Embassy Suites New York Manhattan Times Square, a gain of $1.0 million related to a payment to remove a deed restriction related to the prior disposition of a building and a gain related to the sale of five WorldQuest condominiums. The gain in 2022 was primarily related to a gain related to the sale of six WorldQuest condominiums.

Equity in Earnings (Loss) of Unconsolidated Entities. Equity in loss of unconsolidated entities was $804,000 in 2022, which consisted of our share of loss of $668,000 in OpenKey and $136,000 in the Napa resort investment and $558,000 in 2021, which consisted of our share of loss of $540,000 in OpenKey and $18,000 in 815 Commerce MM.

Interest Income. Interest income was $4.8 million and $207,000 in 2022 and 2021, respectively. The increase in 2022 interest income is due to the increase in interest rates.

Other Income (Expense). Other income decreased $345,000 from $760,000 in 2021 to $415,000 in 2022. In 2022 we recorded miscellaneous income of $415,000. In 2021, we recorded miscellaneous income of $760,000.

Interest Expense and Amortization of Discounts and Loan Costs. Interest expense and amortization of discounts and loan costs increased $70.9 million, or 45.4%, to $227.0 million in 2022 compared to 2021. The increase was primarily due to a $49.5 million increase in interest expense at our comparable hotel properties primarily due to higher LIBOR rates, $5.3 million attributable to amortization of the embedded debt derivative in the Oaktree Credit Agreement as a result of it being outstanding for all of 2022 and lower credits to interest expense of $16.7 million related to the amortization credit of default interest and late charges recorded on mortgage loans previously in default. These increases were partially offset by a decrease of $571,000 from our Hotel Dispositions. The average LIBOR rates in 2022 and 2021 were 1.91% and 0.10%, respectively.

Write-off of Premiums, Loan Costs and Exit Fees. Write-off of premiums, loan costs and exit fees decreased $7.1 million to $3.5 million in 2022 compared to 2021. In 2022, we recognized Lismore fees of $768,000 related to the Lismore Agreement (see note 17 to our consolidated financial statements) and Lismore fees of $863,000 related to loan modifications and extensions. We wrote off unamortized loan costs of $265,000 and a pro-rata write-off of the Oaktree loan discount in the amount of $514,000 upon making a $4.0 million pay down on the Oaktree loan. Additionally, we incurred third-party fees of $1.1 million. In 2021, we recognized Lismore fees of $5.6 million that reflects the amortization over the service period of the Lismore Agreement (see note 17 to our consolidated financial statements) and $80,000 related to third-party fees, totaling $5.7 million. Additionally, we wrote off $4.0 million of debt discount related to the payment of the PIK interest on the Oaktree financing and unamortized loan costs in the amount of $839,000.

Gain (loss) on extinguishment of debt. Gain on extinguishment of debt was $11.9 million in 2021, which primarily related to the foreclosure of the SpringHill Suites Durham and SpringHill Suites Charlotte in the amount of $10.6 million and a gain of $1.4 million related to the write-off of capitalized default interest that was being amortized as a credit to interest expense related to the refinance of the Hilton Boston Back Bay loan.

Realized and Unrealized Gain (Loss) on Derivatives. Realized and unrealized gain on derivatives increased $673,000 from $14.5 million in 2021 to $15.2 million in 2022. In 2022, we recorded an unrealized gain of $4.2 million from the revaluation of the embedded debt derivative in the Oaktree Credit Agreement, an unrealized gain of $6.6 million from interest rate caps. and a realized gain of $4.4 million related to payments from counterparties on interest rate caps. In 2021, we recorded an unrealized gain of $15.8 million from the revaluation of the embedded debt derivative in the Oaktree Agreement, partially offset by unrealized losses of $624,000 from interest rate floors and $657,000 from interest rate caps.

Income Tax (Expense) Benefit. Income tax expense increased $388,000, from $5.9 million in 2021 to $6.3 million in 2022. This increase was primarily due to an increase in the profitability of our Ashford TRS entities due to the continued recovery from the COVID-19 pandemic in 2022 compared to 2021.

(Income) Loss from Consolidated Entities Attributable to Noncontrolling Interests. Our noncontrolling interest partner in consolidated entities was allocated a loss of $73,000 in 2021. On December 31, 2021, the Company acquired the remaining interest in the consolidated entities.

Net (Income) Loss Attributable to Redeemable Noncontrolling Interests in Operating Partnership. Noncontrolling interests in operating partnership were allocated net losses of $1.2 million and $4.0 million in 2022 and 2021, respectively. Redeemable noncontrolling interests represented ownership interests of 0.91% and 0.63% in the operating partnership at December 31, 2022 and 2021, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

As of December 31, 2022, the Company held cash and cash equivalents of $417.1 million and restricted cash of $142.0 million, the vast majority of which is comprised of lender and manager-held reserves. As of December 31, 2022, $22.5 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, 2022, our net debt to gross assets was 68.7%.

Based on our current level of operations, our cash flow from operations and our existing cash balances should be adequate to meet upcoming anticipated requirements for interest and principal payments on debt (excluding any potential final maturity payments), 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. With respect to upcoming maturities, no assurances can be given that we will be able to refinance our upcoming maturities. Additionally, no assurances can be given that we will obtain additional financings or, if we do, what the amount and terms will be. Our failure to obtain future financing under favorable terms could adversely impact our ability to execute our business strategy or may result in lender foreclosure.

Our cash position from operations is affected primarily by macro industry movements in occupancy and rate as well as our ability to control costs. Further, interest rates can greatly affect the cost of our debt service as well as the value of any financial hedges we may put in place. We monitor industry fundamentals and interest rates very closely. Capital expenditures above our reserves will affect cash flow as well and are impacted by inflation.

Certain of our loan agreements contain cash trap provisions that may be triggered if the performance of our hotels decline below a threshold. 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. During a cash trap, certain disbursements from these hotel operating cash receipts would require consent of our lenders. These cash trap

provisions have been triggered on nearly all of our mortgage loans containing cash trap provisions. As of December 31, 2022, 79% of our hotels were in cash traps and approximately $33.7 million of our restricted cash was subject to these cash traps. Our loans may remain subject to 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.

We have extension options relating to certain property-level loans that will permit us to extend the maturity date of our loans if certain conditions are satisfied at the respective extension dates, including the achievement of debt yield targets required in order to extend such loans. To the extent we decide to extend the maturity date of the debt outstanding under the loans, we may be required to prepay a significant amount of the loans in order to meet the required debt yield targets. There can be no assurances that we will be able to meet the conditions for extensions pursuant to the respective terms of such loans.

If we violate covenants in our 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. 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 Ashford Trust or Ashford Trust OP, our operating partnership, and the liabilities of such subsidiaries do not constitute the obligations of Ashford Trust or Ashford Trust OP.

Mortgage and mezzanine loans are nonrecourse to the borrowers, except for customary exceptions or carve-outs that trigger recourse liability to the borrowers in certain limited instances. Recourse obligations typically include only the payment of costs and liabilities suffered by lenders as a result of the occurrence of certain bad acts on the part of the borrower. However, in certain cases, carve-outs could trigger recourse obligations on the part of the borrower with respect to repayment of all or a portion of the outstanding principal amount of the loans. We have entered into customary guaranty agreements pursuant to which we guaranty payment of any recourse liabilities of the borrowers that result from non-recourse carve-outs (which include, but are not limited to, fraud, misrepresentation, willful conduct resulting in waste, misappropriations of rents following an event of default, voluntary bankruptcy filings, unpermitted transfers of collateral, and certain environmental liabilities). In the opinion of management, none of these guaranty agreements, either individually or in the aggregate, are likely to have a material adverse effect on our business, results of operations, or financial condition.

We have entered into certain customary guaranty agreements pursuant to which we guaranty payment of any recourse liabilities of our subsidiaries or joint ventures that may result from non-recourse carve-outs, which include, but are not limited to, fraud, misrepresentation, willful misconduct resulting in waste, misappropriations of rents following an event of default, voluntary bankruptcy filings, unpermitted transfers of collateral, delinquency of trade payables and certain environmental liabilities. Certain of these guarantees represent a guaranty of material amounts, and if we are required to make payments under those guarantees, our liquidity could be adversely affected.

We are committed to an investment strategy where we will pursue hotel-related investments as suitable situations arise. Funds for future hotel-related investments are expected to be derived, in whole or in part, from cash on hand, future borrowings under a credit facility or other loans, or proceeds from additional issuances of common stock, preferred stock (including net proceeds from the sale of any shares of Series J Preferred Stock or Series K Preferred Stock), or other securities, asset sales, and joint ventures. However, we have no formal commitment or understanding to invest in additional assets, and there can be no assurance that we will successfully make additional investments. We may, when conditions are suitable, consider additional capital raising opportunities.

Our existing hotel properties are mostly located in developed areas with competing hotel properties. Future occupancy, ADR, and RevPAR of any individual hotel could be materially and adversely affected by an increase in the number or quality of competitive hotel properties, home sharing companies or apartment operators offering short-term rentals in its market area. Competition could also affect the quality and quantity of future investment opportunities.

Our estimated future obligations as of December 31, 2022 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 $3.3 billion and long-term obligations of $547.6 million. As of December 31, 2022, we have $98.5 million of mortgage loans that have final maturities in 2023. We hold extension options for the remaining mortgage loans due in the next twelve months. We have amortization payments of approximately $3.2 million due in the next twelve months.

As discussed in note 19 to our consolidated financial statements, under our operating and finance leases we have current obligations of $5.4 million and long-term obligations of $252.8 million. Additionally, we have short-term capital commitments of $49.6 million.

Debt Transactions

On June 7, 2022, we amended our $33.2 million mortgage loan, secured by the Sheraton Ann Arbor hotel, which extended the maturity to December 2022 and included a $3.2 million principal repayment. The amended mortgage loan was interest only and bears interest at a rate of LIBOR + 4.40%, and had a LIBOR floor of 0.25%. On September 1, 2022, we completed the sale of the Sheraton Ann Arbor and repaid the $30.0 million mortgage loan with the proceeds from the sale.

On July 1, 2022, the Bank of America Pool 3 mortgage loan was brought current and is no longer in default.

On December 15, 2022, we amended our $16.1 million mortgage loan, secured by the Atlanta Indigo. Terms of the amendment replaced the variable interest rate of LIBOR + 2.25% with SOFR + 2.85%. Additionally, we paid down $810,000 of principal. This loan has two one-year extension options, subject to satisfaction of certain conditions. The first one-year extension period began in December 2022.

On December 22, 2022, we amended our $37.0 million mortgage loan, secured by the Le Pavillon Hotel in New Orleans, Louisiana. The terms of the amendment provides for an interest rate of SOFR + 4.00% with a 0.50% SOFR floor. The mortgage loan has a two-year term with three one-year extension options, subject to the satisfaction of certain conditions. The mortgage loan is secured by the Le Pavillon Hotel.

On February 9, 2023, the Company amended its JP Morgan Chase – 8 hotel mortgage loan, which had a current maturity in February 2023. As part of the amendment, the Company repaid $50.0 million in principal, exercised the 2023 loan extension and reduced the 2024 debt yield extension test from 9.25% to 8.50%.

Equity Transactions

On September 9, 2021, the Company and M3A LP ("M3A") entered into a purchase agreement (the "M3A Purchase Agreement"), which provides that subject to the terms and conditions set forth therein, the Company may sell to M3A up to approximately 6.0 million shares of common stock, from time to time during the term of the M3A Purchase Agreement. The Company filed a Form S-3, which was declared effective by the SEC on April 1, 2022, to replace the previous Form S-11 and to register for resale any future resales by M3A under the M3A Purchase Agreement. As of March 8, 2023, the Company has issued approximately 900,000 shares of common stock for gross proceeds of approximately $12.9 million under the M3A Purchase Agreement.

On March 1, 2022, the Company filed a new universal shelf registration statement on Form S-3 with the SEC. The shelf registration statement provides for the registration of unspecified amounts of equity and debt securities with a maximum aggregate offering price of up to $300 million. The SEC declared the Form S-3 effective on April 1, 2022.

On March 4, 2022, the Company filed an initial registration statement on Form S-3 with the SEC, as amended on April 29, 2022, related to the Company's non-traded Series J Preferred Stock and Series K Preferred Stock. The registration statement was declared effective by the SEC on May 4, 2022, and contemplates the offering of up to (i) 20.0 million shares of Series J Preferred Stock or Series K Preferred Stock in a primary offering and (ii) 8.0 million shares of Series J Preferred Stock or Series K Preferred Stock pursuant to a dividend reinvestment plan. On May 5, 2022, we filed our prospectus for the offering with the SEC. Ashford Securities, a subsidiary of Ashford Inc., serves as the dealer manager for the offering.

On April 28, 2022, we filed with the State Department of Assessments and Taxation of the State of Maryland (the "SDAT") articles supplementary to our Charter classifying and designating an aggregate of 28,000,000 shares of our unissued and undesignated shares of preferred stock and provided for their issuance either as shares of Series J Preferred Stock or Series K Preferred Stock. We also caused our operating partnership to execute Amendment No. 10 to the Seventh Amended and Restated Agreement of Limited Partnership to amend the terms of our operating partnership to conform to the terms of the articles supplementary for the Series J Preferred Stock and Series K Preferred Stock. We intend to use the net proceeds from the sale of any shares of Series J Preferred Stock or Series K Preferred Stock for general corporate purposes, including, without limitation, payment of dividends on our outstanding capital stock, repayment of debt or other maturing obligations, financing future hotel-related investments, redemption of outstanding shares of our preferred stock, capital expenditures and working capital.

On September 14, 2022, we filed with the SDAT new articles supplementary to our Charter with respect to our Series J Preferred Stock and Series K Preferred Stock to remove (i) references to our option to list the preferred stock in the redemption provisions and (ii) and the provisions regarding certain change of control conversion rights (which were only triggered upon a listing of the preferred stock). All other terms of the Series J Preferred Stock and the Series K Preferred Stock (including, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualifications, or terms or conditions of redemption) remain unchanged by the filing of the new articles supplementary. We also caused our operating

partnership to execute Amendment No. 11 to the Seventh Amended and Restated Agreement of Limited Partnership to conform to the terms of the Series J Preferred Stock and Series K Preferred Stock, respectively, as set forth in the new articles supplementary. As of March 8, 2023, the Company issued approximately 202,000 shares of Series J Preferred Stock and received net proceeds of approximately $4.5 million and the Company issued approximately 5,000 shares of Series K Preferred Stock and received net proceeds of approximately $131,000.

On April 6, 2022 the board of directors approved a stock repurchase program (the "Repurchase Program") pursuant to which the board of directors granted a repurchase authorization to acquire shares of the Company's common stock and preferred stock having an aggregate value of up to $200 million. The board of directors' authorization replaced the 2017 Repurchase Program that the board of directors' authorized in December 2017. No shares have been repurchased under the Repurchase Program.

On April 11, 2022, the Company entered into the Virtu Equity Distribution Agreement with Virtu, to sell from time to time shares of the Company's common stock having an aggregate offering price of up to $100 million. We will pay Virtu a commission of approximately 1% 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 8, 2023, the Company has not issued any common stock pursuant to the Virtu Equity Distribution Agreement.

Sources and Uses of Cash

Our principal sources of funds to meet our cash requirements include cash on hand, cash flow from operations, capital market activities, property refinancing proceeds and asset sales. Additionally, our principal uses of funds are expected to include possible operating shortfalls, owner-funded capital expenditures, dividends, new investments, and debt interest and principal payments. Items that impacted our cash flow and liquidity during the periods indicated are summarized as follows:

Net Cash Flows Provided by (Used in) Operating Activities. Net cash flows provided by (used in) operating activities, pursuant to our consolidated statements of cash flows, which includes changes in balance sheet items, were $39.2 million and $(144.2) million for the years ended December 31, 2022 and 2021, respectively. Cash flows provided by (used in) operations were impacted by the COVID-19 pandemic, changes in hotel operations, our hotel dispositions in 2021 and 2022, our hotel acquisition in 2022 as well as the timing of 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, 2022, net cash flows used in investing activities were $70.3 million. Cash outflows consisted of $103.8 million for capital improvements made to various hotel properties and a $9.1 million investment in unconsolidated entities partially offset by cash inflows of $35.0 million from proceeds received from the sale of the Sheraton Ann Arbor and six WorldQuest condominium units, $1.9 million of net cash acquired in the acquisition of Marietta Leasehold LP, $1.6 million of proceeds from property insurance and proceeds of $4.0 million from the payment of a note receivable.

For the year ended December 31, 2021, net cash flows used in investing activities were $34.0 million. Cash outflows primarily consisted of $36.7 million for capital improvements made to various hotel properties and $9.0 million of investments in unconsolidated entities. Cash outflows were partially offset by cash inflows of $9.0 million from proceeds received from the sale of the Le Meridien Minneapolis and $2.8 million of proceeds from property insurance.

Net Cash Flows Provided by (Used in) Financing Activities. For the year ended December 31, 2022, net cash flows used in financing activities were $101.5 million. Cash outflows primarily consisted of $50.9 million for repayments of indebtedness, $3.1 million for payments of loan costs and exit fees, $12.4 million of payments for preferred dividends, $316,000 of purchases of common stock and $40.1 million of payments for derivatives, partially offset by $1.6 million of borrowings on indebtedness, $1.1 million of net proceeds from preferred stock offerings and $2.9 million of proceeds from in-the-money interest rate caps.

For the year ended December 31, 2021, net cash flows provided by financing activities were $702.6 million. Cash inflows primarily consisted of $377.5 million from borrowings on indebtedness, net of commitment fee and $562.8 million of net proceeds from issuances of common stock, partially offset by cash outflows of $189.6 million for repayments of indebtedness, $27.8 million for payments of loan costs and exit fees, $18.6 million of payments for preferred dividends, $1.5 million of payments for derivatives and $200,000 for the acquisition of the remaining 15% noncontrolling interest in consolidated entities.

Dividend Policy. Distributions are authorized by our board of directors and declared by us based upon a variety of factors deemed relevant by our directors. The board of directors will continue to review our distribution policy on at least a quarterly basis. Our ability to pay distributions to our preferred or common stockholders will depend, in part, upon our receipt of distributions from our operating partnership. This, in turn, may depend upon receipt of lease payments with respect to our

properties from indirect subsidiaries of our operating partnership, the management of our properties by our hotel managers and general business conditions. Distributions to our stockholders are generally taxable to our stockholders as ordinary income. However, since a portion of our investments are equity ownership interests in hotels, which result in depreciation and non-cash charges against our income, a portion of our distributions may constitute a non-taxable return of capital, to the extent of a stockholder's tax basis in the stock. To the extent that it is consistent with maintaining our REIT status, we may maintain accumulated earnings of Ashford TRS in that entity.

On December 6, 2022, our board of directors reviewed and approved our 2023 dividend policy. We do not anticipate paying any dividends on our outstanding common stock for any quarter during 2023 and expect to pay dividends on our outstanding Preferred Stock during 2023. Our board of directors will continue to review our dividend policy and make future announcements with respect thereto. We may incur indebtedness to meet distribution requirements imposed on REITs under the Code to the extent that working capital and cash flow from our investments are insufficient to fund required distributions.

We may incur indebtedness to meet distribution requirements imposed on REITs under the Code to the extent that working capital and cash flow from our investments are insufficient to fund required distributions. We may pay dividends in excess of our cash flow.

INFLATION

We rely entirely on the performance of our hotel properties and the ability of the hotel properties' managers to increase revenues to keep pace with inflation. Hotel operators can generally increase room rates, 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, labor costs and utilities are subject to inflation as well.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our significant 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 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. We recorded impairment charges of $0, $0 and $91.7 million for the years ended December 31, 2022, 2021 and 2020, respectively. See note 5 to our consolidated financial statements.

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 taxable REIT subsidiaries. However, Ashford TRS is treated as a TRS for U.S. federal income tax purposes. In accordance with authoritative accounting guidance, we account for income taxes related to Ashford TRS 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 to our consolidated financial statements.

At December 31, 2022 and 2021, we recorded a valuation allowance of $31.2 million and $38.8 million, respectively on the net deferred tax assets of our taxable REIT subsidiaries. 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.

At December 31, 2022, we had TRS net operating loss carryforwards ("NOLs") for U.S. federal income tax purposes of $90.3 million, however our utilization of such NOLs to offset TRS taxable income is limited to approximately $7.3 million per year through 2025, and $1.2 million per year thereafter under Section 382 of the Internal Revenue Code. NOLs become subject to an annual limitation in the event of certain cumulative changes in the ownership of significant shareholders over a three-year

period in excess of 50%, as defined under Section 382 of the Internal Revenue Code. Also in total $9.9 million of our TRS NOLs are subject to expiration and will begin to expire in 2023. The remainder was generated after December 31, 2017 and is not subject to expiration under the Tax Cuts and Jobs Act. At December 31, 2022, Ashford Hospitality Trust, Inc., our REIT, had NOLs for U.S. federal income tax purposes of $1.1 billion based on the latest filed tax returns. Utilization of the REIT NOLs subject to Section 382 are limited to approximately $37.2 million per year through 2025, and $9.4 million per year thereafter. $426.1 million of our net operating loss carryforward will begin to expire in 2023 and is available to offset future taxable income, if any, through 2036. The remainder was generated after December 31, 2017 and 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 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 2018 through 2022 remain subject to potential examination by certain federal and state taxing authorities.

RECENTLY ADOPTED ACCOUNTING STANDARDS

In August 2020, the FASB issued Accounting Standards Update ("ASU") 2020-06, *Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity* ("ASU 2020-06"), which simplifies the accounting for certain financial instruments with characteristics of liabilities and equity. This ASU (1) simplifies the accounting for convertible debt instruments and convertible preferred stock by removing the existing guidance in Accounting Standards Codification ("ASC") 470-20, Debt: Debt with Conversion and Other Options, that requires entities to account for beneficial conversion features and cash conversion features in equity, separately from the host convertible debt or preferred stock; (2) revises the scope exception from derivative accounting in ASC 815-40 for freestanding financial instruments and embedded features that are both indexed to the issuer's own stock and classified in stockholders' equity, by removing certain criteria required for equity classification; and (3) revises the guidance in ASC 260, Earnings Per Share, to require entities to calculate diluted earnings per share ("EPS") for convertible instruments by using the if-converted method. In addition, entities must presume share settlement for purposes of calculating diluted EPS when an instrument may be settled in cash or shares. For SEC filers, excluding smaller reporting companies, this ASU was effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Entities should adopt the guidance as of the beginning of the fiscal year of adoption and cannot adopt the guidance in an interim reporting period. We adopted the standard effective January 1, 2022, and the adoption of this standard did not have a material impact on our consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848)* ("ASU 2020-04"), which provides optional guidance through December 31, 2022 to ease the potential burden in accounting for, or recognizing the effects of, reference rate reform on financial reporting. In January 2021, the FASB issued 2021-01, Reference Rate Reform (Topic 848), Scope, which further clarified the scope of the reference rate reform optional practical expedients and exceptions outlined in Topic 848. The amendments in ASU Nos. 2020-04 and 2021-01 apply to contract modifications that replace a reference rate affected by reference rate reform, providing optional expedients regarding the measurement of hedge effectiveness in hedging relationships that have been modified to replace a reference rate. The Company applied the optional expedient in evaluating debt modifications converting from LIBOR to SOFR. There was no material impact as a result of this adoption.

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 discounts and loan costs, net, income taxes, depreciation and amortization, as adjusted to reflect only the Company's portion of EBITDA of unconsolidated entities. In addition, we exclude impairment charges on real estate, and gain/loss on disposition of assets and hotel properties and gain/loss of unconsolidated entities to calculate EBITDAre, as defined by NAREIT.

We then further adjust EBITDAre to exclude certain additional items such as gain/loss on insurance settlements, write-off of premiums, loan costs and exit fees, other income/expense, net, transaction and conversion costs, legal, advisory and settlement costs, advisory services incentive fee and stock/unit-based compensation and non-cash items such as amortization of

unfavorable contract liabilities, gain/loss on extinguishment of debt, unrealized gains/losses on marketable securities and derivative instruments, as well as our portion of adjustments to EBITDAre of unconsolidated entities.

We present EBITDA, EBITDAre and Adjusted EBITDAre because we believe they are useful to an investor in evaluating our operating performance because it provides 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 it helps 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 (loss) or net income (loss) 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):

	Year Ended December 31,		
	2022	**2021**	**2020**
Net income (loss)	$ (141,058)	$ (271,048)	$ (633,222)
Interest expense and amortization of discounts and loan costs	226,995	156,119	247,381
Depreciation and amortization	201,797	218,851	252,765
Income tax expense (benefit)	6,336	5,948	(1,335)
Equity in (earnings) loss of unconsolidated entities	804	558	448
Company's portion of EBITDA of unconsolidated entities	(674)	(554)	(446)
EBITDA	294,200	109,874	(134,409)
Impairment charges on real estate	—	—	91,721
(Gain) loss on disposition of assets and hotel properties	(300)	(449)	36,680
EBITDAre	293,900	109,425	(6,008)
Amortization of unfavorable contract liabilities	181	211	227
(Gain) loss on insurance settlements	(342)	—	(625)
Write-off of premiums, loan costs and exit fees	3,536	10,612	13,867
(Gain) loss on extinguishment of debt	—	(11,896)	(90,349)
Other (income) expense, net	(4,797)	(1,760)	17,029
Transaction and conversion costs	(2,300)	3,033	16,309
Legal, advisory and settlement costs	1,936	7,371	1,409
Unrealized (gain) loss on marketable securities	—	—	1,467
Unrealized (gain) loss on derivatives	(10,781)	(14,493)	(19,950)
Dead deal costs	—	689	923
Uninsured remediation costs	—	341	—
Stock/unit-based compensation	5,998	10,095	10,746
Company's portion of adjustments to EBITDAre of unconsolidated entities	16	16	28
Adjusted EBITDAre	$ 287,347	$ 113,644	$ (54,927)

We calculate FFO and Adjusted FFO in the following table. 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 and hotel properties, plus depreciation and amortization of real estate assets, impairment charges on real estate assets, and after adjustments for unconsolidated entities and noncontrolling interests in the operating partnership. Adjustments for unconsolidated entities are calculated to reflect FFO on the same basis. 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 gain/loss on extinguishment of debt, gain/loss on extinguishment of preferred stock, write-off of premiums, loan costs and exit fees, other income/expense, net transaction and conversion costs, legal, advisory and settlement costs, stock/unit-based compensation, gain/loss on insurance settlements and non-cash items such as deemed dividends on redeemable preferred stock, amortization of loan costs, amortization of the term loan discount, unrealized gains/losses on marketable securities and derivative instruments, as well as our portion of adjustments to FFO related to unconsolidated entities. We exclude items from Adjusted FFO that are either non-cash or are not part of our core operations in order to provide a period-over-period comparison of our operating results. 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 we do. 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 a) GAAP net income or loss as an indication of our financial performance or b) GAAP cash flows from operating activities as a measure of our liquidity, nor is it 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 the consolidated financial statements.

The following table reconciles net income (loss) to FFO and Adjusted FFO (in thousands):

	Year Ended December 31,		
	2022	2021	2020
Net income (loss)	$ (141,058)	$ (271,048)	$ (633,222)
(Income) loss attributable to noncontrolling interest in consolidated entities	—	73	338
Net (income) loss attributable to redeemable noncontrolling interests in operating partnership	1,233	3,970	89,008
Preferred dividends	(12,433)	(252)	(32,117)
Deemed dividends on redeemable preferred stock	(946)	—	—
Gain (loss) on extinguishment of preferred stock	—	(607)	55,477
Net income (loss) attributable to common stockholders	(153,204)	(267,864)	(520,516)
Depreciation and amortization of real estate	201,797	218,708	252,590
(Gain) loss on disposition of assets and hotel properties	(300)	(449)	36,680
Net income (loss) attributable to redeemable noncontrolling interests in operating partnership	(1,233)	(3,970)	(89,008)
Equity in (earnings) loss of unconsolidated entities	804	558	448
Impairment charges on real estate	—	—	91,721
Company's portion of FFO of unconsolidated entities	(771)	(556)	(449)
FFO available to common stockholders and OP unitholders	47,093	(53,573)	(228,534)
Deemed dividends on redeemable preferred stock	946	—	—
(Gain) loss on extinguishment of preferred stock	—	607	(55,477)
Write-off of premiums, loan costs and exit fees	3,536	10,612	13,867
(Gain) loss on extinguishment of debt	—	(11,896)	(90,349)
(Gain) loss on insurance settlements	(342)	—	(625)
Other (income) expense, net	(412)	(1,760)	17,029
Transaction and conversion costs	(2,300)	3,407	16,309
Legal, advisory and settlement costs	1,936	7,371	1,409
Unrealized (gain) loss on marketable securities	—	—	1,467
Unrealized (gain) loss on derivatives	(10,781)	(14,493)	(19,950)
Dead deal costs	—	689	923
Uninsured remediation costs	—	341	—
Stock/unit-based compensation	5,998	10,095	10,746
Amortization of term loan exit fee	11,948	7,076	—
Amortization of loan costs	9,672	12,597	16,517
Company's portion of adjustments to FFO of unconsolidated entities	16	16	17
Adjusted FFO available to common stockholders and OP unitholders	$ 67,310	$ (28,911)	$ (316,651)

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. The analysis below presents the sensitivity of the market value of our financial instruments to selected changes in market interest rates.

At December 31, 2022, our total indebtedness of $3.8 billion included $3.5 billion of variable-rate debt. The impact on our results of operations of a 25-basis point change in interest rate on the outstanding balance of variable-rate debt at December 31, 2022 would be approximately $8.8 million per year. However, we currently have various interest rate caps in place that limit this exposure. Interest rate changes have no impact on the remaining $321.1 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. As the information presented above includes only those exposures that existed at December 31, 2022, 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 in place 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 (BDO USA, LLP; Dallas, Texas; PCAOB ID #243) 65
Consolidated Balance Sheets — December 31, 2022 and 2021 67
Consolidated Statements of Operations — Years Ended December 31, 2022, 2021 and 2020 68
Consolidated Statements of Comprehensive Income (Loss) — Years Ended December 31, 2022, 2021 and 2020 69
Consolidated Statements of Equity — Years Ended December 31, 2022, 2021 and 2020 70
Consolidated Statements of Cash Flows — Years Ended December 31, 2022, 2021 and 2020 74
Notes to Consolidated Financial Statements 76

Report of Independent Registered Public Accounting Firm

Stockholders and Board of Directors
Ashford Hospitality Trust, Inc.
Dallas, Texas

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Ashford Hospitality Trust, Inc. (the "Company") as of December 31, 2022 and 2021, the related consolidated statements of operations, comprehensive income (loss), equity (deficit), and cash flows for each of the three years in the period ended December 31, 2022, 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, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, 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, 2022, 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 10, 2023, 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 a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Acquisition of Hilton Marietta Lease

As described in Note 4 to the consolidated financial statements, on December 16, 2022, the Company acquired 100% ownership of Marietta Leasehold LP and Marietta Leasehold GP (the "Acquisition"). The acquired entities hold a lease for the Hilton Atlanta/Marietta Hotel and Conference Center (the "Hilton Marietta") which expires on December 31, 2054. The Acquisition was completed in exchange for satisfying the outstanding balance owed to the Company by Ashford Inc. in connection with the Enhanced Return Funding Program Agreement (the "ERFP Agreement") as described in Note 17.

We identified the Company's accounting for the Acquisition as a critical audit matter due to the unusual nature of this significant transaction, and the complexity involved in determining the incremental borrowing rate used to calculate the acquired lease liability. Auditing management's conclusions with respect to the Acquisition required an increased level of audit effort, including the involvement of professionals with specialized skill and knowledge in acquisition and lease accounting, as

well as professionals with specialized skill and knowledge to assess the reasonableness of the incremental borrowing rate utilized by management in accounting for the Hilton Marietta lease.

The primary procedures we performed to address this critical audit matter included:

- Analyzing the Agreement of Purchase and Sale between the Company and Ashford Inc. to assess the reasonableness of management's accounting treatment for the Acquisition;
- Utilizing personnel with specialized skill and knowledge in the areas of acquisition and lease accounting to assist in evaluating the appropriateness of management's accounting conclusion for the Acquisition; and
- Utilizing personnel with specialized knowledge and skill in valuation to assist in assessing the reasonableness of the incremental borrowing rate estimated by management.

/s/ BDO USA, LLP

We have served as the Company's auditor since 2015.

Dallas, Texas
March 10, 2023

ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)

	December 31, 2022	December 31, 2021
ASSETS		
Investments in hotel properties, net	$ 3,118,331	$ 3,230,710
Cash and cash equivalents	417,064	592,110
Restricted cash	141,962	99,534
Accounts receivable, net of allowance of $501 and $455, respectively	49,809	37,720
Inventories	3,856	3,291
Notes receivable, net	5,062	8,723
Investments in unconsolidated entities	19,576	11,253
Deferred costs, net	2,665	5,001
Prepaid expenses	15,981	13,384
Derivative assets	47,182	501
Operating lease right-of-use assets	43,921	44,575
Other assets	21,653	16,150
Intangible assets	797	797
Due from Ashford Inc., net	486	25
Due from related parties, net	6,570	7,473
Due from third-party hotel managers	22,462	26,896
Total assets	$ 3,917,377	$ 4,098,143
LIABILITIES AND EQUITY/DEFICIT		
Liabilities:		
Indebtedness, net	$ 3,838,543	$ 3,887,822
Finance lease liabilities	18,847	—
Accounts payable and accrued expenses	115,970	117,650
Accrued interest payable	15,287	15,432
Dividends and distributions payable	3,118	3,104
Due to related parties, net	—	728
Due to third-party hotel managers	1,319	1,204
Intangible liabilities, net	2,097	2,177
Operating lease liabilities	44,661	45,106
Other liabilities	4,326	4,832
Total liabilities	4,044,168	4,078,055
Commitments and contingencies (note 18)		
Redeemable noncontrolling interests in operating partnership	21,550	22,742
Series J Redeemable Preferred Stock, $0.01 par value, 87,115 and 0 shares issued and outstanding at December 31, 2022 and December 31, 2021	2,004	—
Series K Redeemable Preferred Stock, $0.01 par value, 1,800 and 0 shares issued and outstanding at December 31, 2022 and December 31, 2021	44	—
Equity (deficit):		
Preferred stock, $0.01 par value, 50,000,000 shares authorized:		
Series D Cumulative Preferred Stock, 1,174,427 shares issued and outstanding at December 31, 2022 and December 31, 2021	12	12
Series F Cumulative Preferred Stock, 1,251,044 shares issued and outstanding at December 31, 2022 and December 31, 2021	12	12
Series G Cumulative Preferred Stock, 1,531,996 shares issued and outstanding at December 31, 2022 and December 31, 2021	15	15
Series H Cumulative Preferred Stock, 1,308,415 shares issued and outstanding at December 31, 2022 and December 31, 2021	13	13
Series I Cumulative Preferred Stock, 1,252,923 shares issued and outstanding at December 31, 2022 and December 31, 2021	13	13
Common stock, $0.01 par value, 400,000,000 shares authorized, 34,495,185 and 34,490,381 shares issued and outstanding at December 31, 2022 and December 31, 2021, respectively	345	345
Additional paid-in capital	2,383,244	2,379,906
Accumulated deficit	(2,534,043)	(2,382,970)
Total equity (deficit)	(150,389)	(2,654)
Total liabilities and equity/deficit	$ 3,917,377	$ 4,098,143

See Notes to Consolidated Financial Statements.

ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

	Year Ended December 31,		
	2022	**2021**	**2020**
REVENUE			
Rooms	$ 974,002	$ 655,121	$ 407,492
Food and beverage	196,663	94,911	61,157
Other hotel revenue	67,310	53,112	37,856
Total hotel revenue	1,237,975	803,144	506,505
Other	2,884	2,267	1,733
Total revenue	1,240,859	805,411	508,238
EXPENSES			
Hotel operating expenses:			
Rooms	229,115	157,982	106,508
Food and beverage	140,775	71,172	49,223
Other expenses	421,056	316,638	253,997
Management fees	45,047	31,014	24,944
Total hotel expenses	835,993	576,806	434,672
Property taxes, insurance and other	67,338	67,904	79,669
Depreciation and amortization	201,797	218,851	252,765
Impairment charges	—	—	91,721
Advisory services fee	49,897	52,313	50,050
Corporate, general and administrative	9,879	16,153	28,048
Total expenses	1,164,904	932,027	936,925
Gain (loss) on disposition of assets and hotel properties	300	1,449	(36,680)
OPERATING INCOME (LOSS)	76,255	(125,167)	(465,367)
Equity in earnings (loss) of unconsolidated entities	(804)	(558)	(448)
Interest income	4,777	207	672
Other income (expense)	415	760	(16,998)
Interest expense and amortization of discounts and loan costs	(226,995)	(156,119)	(247,381)
Write-off of premiums, loan costs and exit fees	(3,536)	(10,612)	(13,867)
Gain (loss) on extinguishment of debt	—	11,896	90,349
Unrealized gain (loss) on marketable securities	—	—	(1,467)
Realized and unrealized gain (loss) on derivatives	15,166	14,493	19,950
INCOME (LOSS) BEFORE INCOME TAXES	(134,722)	(265,100)	(634,557)
Income tax (expense) benefit	(6,336)	(5,948)	1,335
NET INCOME (LOSS)	(141,058)	(271,048)	(633,222)
(Income) loss attributable to noncontrolling interest in consolidated entities	—	73	338
Net (income) loss attributable to redeemable noncontrolling interests in operating partnership	1,233	3,970	89,008
NET INCOME (LOSS) ATTRIBUTABLE TO THE COMPANY	(139,825)	(267,005)	(543,876)
Preferred dividends	(12,433)	(252)	(32,117)
Deemed dividends on redeemable preferred stock	(946)	—	—
Gain (loss) on extinguishment of preferred stock	—	(607)	55,477
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON STOCKHOLDERS	$ (153,204)	$ (267,864)	$ (520,516)
INCOME (LOSS) PER SHARE - BASIC AND DILUTED			
Basic:			
Net income (loss) attributable to common stockholders	$ (4.46)	$ (12.37)	$ (329.97)
Weighted average common shares outstanding – basic	34,339	21,625	1,576
Diluted:			
Net income (loss) attributable to common stockholders	$ (4.46)	$ (12.43)	$ (329.97)
Weighted average common shares outstanding – diluted	34,339	21,844	1,576

See Notes to Consolidated Financial Statements.

ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in thousands)

	Year Ended December 31,		
	2022	**2021**	**2020**
Net income (loss)	$ (141,058)	$ (271,048)	$ (633,222)
Other comprehensive income (loss), net of tax:			
Total other comprehensive income (loss)	—	—	—
Comprehensive income (loss)	(141,058)	(271,048)	(633,222)
Less: Comprehensive (income) loss attributable to noncontrolling interest in consolidated entities	—	73	338
Less: Comprehensive (income) loss attributable to redeemable noncontrolling interests in operating partnership	1,233	3,970	89,008
Comprehensive income (loss) attributable to the Company	$ (139,825)	$ (267,005)	$ (543,876)

See Notes to Consolidated Financial Statements.

ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY (DEFICIT)
(in thousands, except per share amounts)

	Preferred Stock															
	Series D		Series F		Series G		Series H		Series I		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Noncontrolling Interests in Consolidated Entities	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
Balance at December 31, 2019	2,389	$ 24	4,800	$ 48	6,200	$ 62	3,800	$ 38	5,400	$ 54	1,021	$ 10	$ 1,826,564	$ (1,558,038)	$ 504	$ 269,266
Purchases of common shares	—	—	—	—	—	—	—	—	—	—	(3)	—	(399)	—	—	(399)
Equity-based compensation	—	—	—	—	—	—	—	—	—	—	—	—	5,916	—	—	5,916
Forfeitures of restricted common stock	—	—	—	—	—	—	—	—	—	—	(5)	—	—	—	—	—
Issuance of restricted shares/units	—	—	—	—	—	—	—	—	—	—	19	—	—	—	—	—
Issuance of common stock (net)	—	—	—	—	—	—	—	—	—	—	1,267	13	31,859	—	—	31,872
PSU dividend claw back upon cancellation and forfeiture	—	—	—	—	—	—	—	—	—	—	—	—	—	606	—	606
Dividends declared – preferred stock – Series D ($0.53/share)	—	—	—	—	—	—	—	—	—	—	—	—	—	(1,262)	—	(1,262)
Dividends declared – preferred stock – Series F ($0.46/share)	—	—	—	—	—	—	—	—	—	—	—	—	—	(2,212)	—	(2,212)
Dividends declared – preferred stock – Series G ($0.46/share	—	—	—	—	—	—	—	—	—	—	—	—	—	(2,858)	—	(2,858)
Dividends declared – preferred stock – Series H ($0.47/share)	—	—	—	—	—	—	—	—	—	—	—	—	—	(1,781)	—	(1,781)
Dividends declared – preferred stock – Series I ($0.47/share)	—	—	—	—	—	—	—	—	—	—	—	—	—	(2,531)	—	(2,531)
Performance LTIP dividend claw back upon cancellation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Redemption/conversion of operating partnership units	—	—	—	—	—	—	—	—	—	—	20	—	959	—	—	959
Redemption value adjustment	—	—	—	—	—	—	—	—	—	—	—	—	—	(36,817)	—	(36,817)
Extinguishment of preferred stock	(598)	(6)	(1,909)	(19)	(1,777)	(18)	(1,131)	(11)	(2,009)	(20)	4,117	41	(55,444)	55,477	—	—
Net income (loss)	—	—	—	—	—	—	—	—	—	—	—	—	—	(543,876)	(338)	(544,214)
Balance at December 31, 2020	1,791	$ 18	2,891	$ 29	4,423	$ 44	2,669	$ 27	3,391	$ 34	6,436	$ 64	$ 1,809,455	$ (2,093,292)	$ 166	$(283,455)
Purchases of common stock	—	—	—	—	—	—	—	—	—	—	(1)	—	(46)	—	—	(46)
Equity-based compensation	—	—	—	—	—	—	—	—	—	—	—	—	7,429	—	—	7,429
Forfeitures of restricted common stock	—	—	—	—	—	—	—	—	—	—	(4)	—	—	—	—	—
Issuance of restricted shares/units	—	—	—	—	—	—	—	—	—	—	251	3	(3)	—	—	—
Issuance of common stock (net)	—	—	—	—	—	—	—	—	—	—	20,031	200	562,519	—	—	562,719
PSU dividend claw back upon cancellation and forfeiture	—	—	—	—	—	—	—	—	—	—	—	—	—	349	—	349
Dividends declared – preferred stock – Series D ($3.70/share)	—	—	—	—	—	—	—	—	—	—	—	—	—	(4,342)	—	(4,342)
Dividends declared – preferred stock – Series F ($3.23/share)	—	—	—	—	—	—	—	—	—	—	—	—	—	(4,036)	—	(4,036)
Dividends declared – preferred stock – Series G ($3.23/share	—	—	—	—	—	—	—	—	—	—	—	—	—	(4,943)	—	(4,943)
Dividends declared – preferred stock – Series H ($3.28/share)	—	—	—	—	—	—	—	—	—	—	—	—	—	(4,293)	—	(4,293)
Dividends declared – preferred stock – Series I ($3.28/share)	—	—	—	—	—	—	—	—	—	—	—	—	—	(4,111)	—	(4,111)
Performance LTIP dividend claw back upon cancellation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

	Preferred Stock															
	Series D		Series F		Series G		Series H		Series I		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Noncontrolling Interests in Consolidated Entities	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
Redemption/conversion of operating partnership units	—	—	—	—	—	—	—	—	—	—	1	—	43	—	—	43
Redemption value adjustment	—	—	—	—	—	—	—	—	—	—	—	—	—	(690)	—	(690)
Extinguishment of preferred stock	(617)	(6)	(1,640)	(17)	(2,891)	(29)	(1,361)	(14)	(2,138)	(21)	7,776	78	616	(607)	—	—
Acquisition of noncontrolling interest in consolidated entity	—	—	—	—	—	—	—	—	—	—	—	—	(107)	—	(93)	(200)
Net income (loss)	—	—	—	—	—	—	—	—	—	—	—	—	—	(267,005)	(73)	(267,078)
Balance at December 31, 2021	1,174	$ 12	1,251	$ 12	1,532	$ 15	1,308	$ 13	1,253	$ 13	34,490	$ 345	$ 2,379,906	$ (2,382,970)	$ —	$ (2,654)
Purchases of common stock	—	—	—	—	—	—	—	—	—	—	(43)	—	(323)	—	—	(323)
Equity-based compensation	—	—	—	—	—	—	—	—	—	—	—	—	3,826	—	—	3,826
Forfeitures of restricted common stock	—	—	—	—	—	—	—	—	—	—	(4)	—	—	—	—	—
Issuance of restricted shares/units	—	—	—	—	—	—	—	—	—	—	52	—	—	—	—	—
Issuance of preferred stock	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Costs for issuances of common stock	—	—	—	—	—	—	—	—	—	—	—	—	(165)	—	—	(165)
Dividends declared – preferred stock – Series D ($2.11/share)	—	—	—	—	—	—	—	—	—	—	—	—	—	(2,481)	—	(2,481)
Dividends declared – preferred stock – Series F ($1.84/share)	—	—	—	—	—	—	—	—	—	—	—	—	—	(2,307)	—	(2,307)
Dividends declared – preferred stock – Series G ($1.84/share)	—	—	—	—	—	—	—	—	—	—	—	—	—	(2,824)	—	(2,824)
Dividends declared – preferred stock – Series H ($1.88/share)	—	—	—	—	—	—	—	—	—	—	—	—	—	(2,453)	—	(2,453)
Dividends declared – preferred stock – Series I ($1.88/share)	—	—	—	—	—	—	—	—	—	—	—	—	—	(2,349)	—	(2,349)
Dividends declared – preferred stock – Series J ($0.17/share)	—	—	—	—	—	—	—	—	—	—	—	—	—	(18)	—	(18)
Dividends declared – preferred stock – Series K ($0.17/share)	—	—	—	—	—	—	—	—	—	—	—	—	—	(1)	—	(1)
Redemption value adjustment	—	—	—	—	—	—	—	—	—	—	—	—	—	2,131	—	2,131
Redemption value adjustment – preferred stock	—	—	—	—	—	—	—	—	—	—	—	—	—	(946)	—	(946)
Net income (loss)	—	—	—	—	—	—	—	—	—	—	—	—	—	(139,825)	—	(139,825)
Balance at December 31, 2022	1,174	$ 12	1,251	$ 12	1,532	$ 15	1,308	$ 13	1,253	$ 13	34,495	$ 345	$ 2,383,244	$ (2,534,043)	$ —	$ (150,389)

	Preferred Stock				Redeemable Noncontrolling Interest in Operating Partnership
	Series J		Series K		
	Shares	Amount	Shares	Amount	
Balance at December 31, 2019	—	$ —	—	$ —	$ 69,870
Purchases of common shares	—	—	—	—	—
Equity-based compensation	—	—	—	—	4,830
Forfeitures of restricted common stock	—	—	—	—	—
Issuance of restricted shares/units	—	—	—	—	—
Issuance of common stock (net)	—	—	—	—	—
PSU dividend claw back upon cancellation and forfeiture	—	—	—	—	—
Dividends declared – preferred stock – Series D ($0.53/share)	—	—	—	—	—
Dividends declared – preferred stock – Series F ($0.46/share)	—	—	—	—	—
Dividends declared – preferred stock – Series G ($0.46/share	—	—	—	—	—
Dividends declared – preferred stock – Series H ($0.47/share)	—	—	—	—	—
Dividends declared – preferred stock – Series I ($0.47/share)	—	—	—	—	—
Performance LTIP dividend claw back upon cancellation	—	—	—	—	1,401
Redemption/conversion of operating partnership units	—	—	—	—	(959)
Redemption value adjustment	—	—	—	—	36,817
Extinguishment of preferred stock	—	—	—	—	—
Net income (loss)	—	—	—	—	(89,008)
Balance at December 31, 2020	—	$ —	—	$ —	$ 22,951
Purchases of common shares	—	—	—	—	—
Equity-based compensation	—	—	—	—	2,596
Forfeitures of restricted common stock	—	—	—	—	—
Issuance of restricted shares/units	—	—	—	—	—
Issuance of common stock (net)	—	—	—	—	—
PSU dividend claw back upon cancellation and forfeiture	—	—	—	—	—
Dividends declared – preferred stock – Series D ($3.70/share)	—	—	—	—	—
Dividends declared – preferred stock – Series F ($3.23/share)	—	—	—	—	—
Dividends declared – preferred stock – Series G ($3.23/share	—	—	—	—	—
Dividends declared – preferred stock – Series H ($3.28/share)	—	—	—	—	—
Dividends declared – preferred stock – Series I ($3.28/share)	—	—	—	—	—
Performance LTIP dividend claw back upon cancellation	—	—	—	—	518
Redemption/conversion of operating partnership units	—	—	—	—	(43)
Redemption value adjustment	—	—	—	—	690
Extinguishment of preferred stock	—	—	—	—	—
Acquisition of noncontrolling interest in consolidated entity	—	—	—	—	—
Net income (loss)	—	—	—	—	(3,970)
Balance at December 31, 2021	—	$ —	—	$ —	$ 22,742
Purchases of common stock	—	—	—	—	—
Equity-based compensation	—	—	—	—	2,172
Forfeitures of restricted common stock	—	—	—	—	—
Issuance of restricted shares/units	—	—	—	—	—
Issuances of preferred shares	87	1,078	2	24	—
Costs for issuances of common stock	—	—	—	—	—

	Preferred Stock				Redeemable Noncontrolling Interest in Operating Partnership
	Series J		Series K		
	Shares	Amount	Shares	Amount	
Dividends declared – preferred stock – Series D ($2.11/share)	—	—	—	—	—
Dividends declared – preferred stock – Series F ($1.84/share)	—	—	—	—	—
Dividends declared – preferred stock – Series G ($1.84/share	—	—	—	—	—
Dividends declared – preferred stock – Series H ($1.88/share)	—	—	—	—	—
Dividends declared – preferred stock – Series I ($1.88/share)	—	—	—	—	—
Dividends declared – preferred stock – Series J ($0.17/share)	—	—	—	—	—
Dividends declared – preferred stock – Series K ($0.17/share)	—	—	—	—	—
Redemption value adjustment	—	—	—	—	(2,131)
Redemption value adjustment – preferred stock	—	926	—	20	—
Net income (loss)	—	—	—	—	(1,233)
Balance at December 31, 2022	87	$ 2,004	2	$ 44	$ 21,550

See Notes to Consolidated Financial Statements.

ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31,		
	2022	2021	2020
Cash Flows from Operating Activities			
Net income (loss)	$ (141,058)	$ (271,048)	$ (633,222)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	201,797	218,851	252,765
Impairment charges	—	—	91,721
Amortization of intangibles	101	131	(307)
Recognition of deferred income	(499)	(498)	(768)
Bad debt expense	3,338	2,110	1,810
Deferred income tax expense (benefit)	(53)	113	(1,058)
Equity in (earnings) loss of unconsolidated entities	804	558	448
(Gain) loss on disposition of assets and hotel properties	(300)	(1,449)	36,680
(Gain) loss on extinguishment of debt	—	(11,896)	(90,349)
Realized and unrealized (gain) loss on marketable securities	—	—	(801)
Purchases of marketable securities	—	—	(1,997)
Sales of marketable securities	—	—	17,389
Net settlement of trading derivatives	—	—	2,347
Realized and unrealized (gain) loss on derivatives	(15,166)	(14,474)	(878)
Amortization of loan costs, discounts and capitalized default interest and write-off of premiums, loan costs and exit fees	10,075	(1,336)	10,229
Equity-based compensation	5,998	10,025	10,746
Amortization of parking asset	—	—	117
Non-cash interest income	(380)	(672)	(854)
Changes in operating assets and liabilities, exclusive of the effect of the acquisition and disposition of hotel properties:			
Accounts receivable and inventories	(16,207)	(21,366)	15,738
Prepaid expenses and other assets	(7,501)	4,203	1,079
Accounts payable and accrued expenses and accrued interest payable	(4,656)	(28,927)	143,241
Due to/from related parties	165	(944)	(2,782)
Due to/from third-party hotel managers	4,549	(16,743)	3,763
Due to/from Ashford Inc., net	(1,804)	(10,818)	6,091
Operating lease liabilities	(445)	(203)	(595)
Operating lease right-of-use assets	473	201	1,006
Other liabilities	(7)	(6)	(11,090)
Net cash provided by (used in) operating activities	39,224	(144,188)	(149,531)
Cash Flows from Investing Activities			
Improvements and additions to hotel properties	(103,751)	(36,742)	(46,206)
Net proceeds from disposition of assets and hotel properties	34,988	9,013	38,763
Payments for initial franchise fees	—	(90)	—
Proceeds from property insurance	1,625	2,779	1,382
Investments in unconsolidated entities	(9,127)	(9,000)	(430)
Proceeds from note receivable	4,000	—	—
Net cash acquired in acquisition of leasehold interest	1,931	—	—
Acquisition of hotel properties and assets, net of cash and restricted cash acquired	—	—	(1,113)
Net cash provided by (used in) investing activities	(70,334)	(34,040)	(7,604)
Cash Flows from Financing Activities			
Borrowings on indebtedness, net of commitment fee	1,551	377,500	88,000
Repayments of indebtedness	(50,902)	(189,594)	(137,849)
Payments for loan costs and exit fees	(3,064)	(27,768)	(26,682)
Payments for dividends and distributions	(12,418)	(18,622)	(28,619)
Purchases of common stock	(316)	(46)	(399)
Payments for derivatives	(40,119)	(1,538)	(83)
Proceeds from derivatives	2,911	—	—
Proceeds from common stock offerings	—	562,827	31,873
Proceeds from preferred stock offerings	1,122	—	—
Acquisition of noncontrolling interest in consolidated entities	—	(200)	—
Common stock offering costs	(273)	—	—
Net cash provided by (used in) financing activities	(101,508)	702,559	(73,759)
Net increase (decrease) in cash, cash equivalents and restricted cash	(132,618)	524,331	(230,894)

	Year Ended December 31,		
	2022	2021	2020
Cash, cash equivalents and restricted cash at beginning of period	691,644	167,313	398,207
Cash, cash equivalents and restricted cash and at end of period	$ 559,026	$ 691,644	$ 167,313
Supplemental Cash Flow Information			
Interest paid	$ 218,019	$ 219,624	$ 91,372
Income taxes paid (refunded)	11,697	3,525	1,021
Supplemental Disclosure of Non-Cash Investing and Financing Activities			
Accrued but unpaid capital expenditures	$ 13,341	$ 11,396	$ 12,640
Non-cash consideration from sale of hotel property	1,219	—	—
Accrued stock offering costs	—	108	—
Accrued preferred stock offering costs	21	—	—
Acquisition of finance lease asset and liability	18,847	—	—
Buyer assumption of debt in hotel disposition	—	—	108,750
Non-cash extinguishment of debt	—	9,604	179,030
Non-cash loan principal associated with default interest and late charges	—	33,245	47,453
Non-cash loan proceeds associated with accrued interest and legal fees	—	—	22,456
Non-cash extinguishment of preferred stock	—	208,606	179,061
Issuance of common stock from preferred stock exchanges	—	209,213	123,584
Debt discount associated with embedded debt derivative	—	43,680	—
Credit facility commitment fee	—	4,500	—
Non-cash preferred stock dividends	1	—	—
Unsettled proceeds from derivatives	1,474	—	—
Dividends and distributions declared but not paid	3,118	3,104	868
Supplemental Disclosure of Cash, Cash Equivalents and Restricted Cash			
Cash and cash equivalents at beginning of period	$ 592,110	$ 92,905	$ 262,636
Restricted cash at beginning of period	99,534	74,408	135,571
Cash, cash equivalents and restricted cash at beginning of period	$ 691,644	$ 167,313	$ 398,207
Cash and cash equivalents at end of period	$ 417,064	$ 592,110	$ 92,905
Restricted cash at end of period	141,962	99,534	74,408
Cash, cash equivalents and restricted cash at end of period	$ 559,026	$ 691,644	$ 167,313

See Notes to Consolidated Financial Statements.

1. Organization and Description of Business

Ashford Hospitality Trust, Inc., together with its subsidiaries ("Ashford Trust"), is a real estate investment trust ("REIT"). While our portfolio currently consists of upscale hotels and upper upscale full-service hotels, our investment strategy is predominantly focused on investing in upper upscale full-service hotels in the United States that have revenue per available room ("RevPAR") generally less than twice the U.S. national average, and in all methods including direct real estate, equity, and debt. We currently anticipate future investments will predominantly be in upper upscale hotels. We own our lodging investments and conduct our business through Ashford Hospitality Limited Partnership ("Ashford Trust OP"), our operating partnership. Ashford OP General Partner LLC, a wholly-owned subsidiary of Ashford Trust, serves as the sole general partner of our operating partnership. Terms such as the "Company," "we," "us," or "our" refer to Ashford Hospitality Trust, Inc. and, as the context may require, all entities included in its consolidated financial statements.

Our hotel properties are primarily branded under the widely recognized upscale and upper upscale brands of Hilton, Hyatt, Marriott and Intercontinental Hotel Group. As of December 31, 2022, we held interests in the following assets:

- 100 consolidated hotel properties, which represent 22,316 total rooms;
- 79 hotel condominium units at WorldQuest Resort in Orlando, Florida ("WorldQuest");
- 15.1% ownership in OpenKey, Inc. ("OpenKey") with a carrying value of approximately $2.1 million;
- 32.5% ownership in 815 Commerce Managing Member, LLC ("815 Commerce MM"), which is developing the Le Meridien Fort Worth, with a carrying value of approximately $8.5 million; and
- an investment in an entity that owns two resorts in Napa, CA, with a carrying value of approximately $9.0 million.

For U.S. federal income tax purposes, we have elected to be treated as a REIT, which imposes limitations related to operating hotels. As of December 31, 2022, our 100 hotel properties were leased or owned by our wholly-owned subsidiaries that are treated as taxable REIT subsidiaries for U.S. federal income tax purposes (collectively, these subsidiaries are referred to as "Ashford TRS"). Ashford TRS then engages third-party or affiliated hotel management companies to operate the hotels under management contracts. Hotel operating results related to these properties are included in the consolidated statements of operations.

We are advised by Ashford LLC, a subsidiary of Ashford Inc., 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 employ hotel management companies to operate them for us under management contracts. Remington Lodging & Hospitality, LLC ("Remington Hotels"), a subsidiary of Ashford Inc., manages 68 of our 100 hotel properties and WorldQuest. 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 services, insurance claims services, hypoallergenic premium rooms, broker-dealer and distribution services and mobile key technology.

2. Significant Accounting Policies

Basis of Presentation—The accompanying consolidated financial statements include the accounts of Ashford Hospitality Trust, Inc., its majority-owned subsidiaries and its majority-owned joint ventures in which it has a controlling interest. All significant inter-company accounts and transactions between consolidated entities have been eliminated in these consolidated financial statements.

Ashford Trust 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 Ashford Trust 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, Ashford Trust OP General Partner LLC, its general partner. As such, we consolidate Ashford Trust OP.

The following acquisitions and dispositions affect reporting comparability of our consolidated financial statements:

Hotel Property	Location	Type	Date
Crowne Plaza Annapolis	Annapolis, MD	Disposition	March 9, 2020
Columbus Hampton Inn Easton	Columbus, OH	Disposition	August 19, 2020
Stillwater Residence Inn	Stillwater, OK	Disposition	August 19, 2020
Washington Hampton Inn Pittsburgh Meadow Lands	Pittsburgh, PA	Disposition	August 19, 2020
Phoenix Hampton Inn Airport North	Phoenix, AZ	Disposition	August 19, 2020
Pittsburgh Hampton Inn Waterfront West Homestead	Pittsburgh, PA	Disposition	August 19, 2020
Wichita Courtyard by Marriott Old Town	Wichita, KS	Disposition	August 19, 2020
Canonsburg Homewood Suites Pittsburgh Southpointe	Pittsburgh, PA	Disposition	August 19, 2020
Billerica Courtyard by Marriott Boston	Boston, MA	Disposition	August 19, 2020
Embassy Suites New York Manhattan Times Square	New York, NY	Disposition	August 19, 2020
W Minneapolis, MN	Minneapolis, MN	Disposition	September 15, 2020
Courtyard Louisville	Louisville, KY	Disposition	September 21, 2020
Courtyard Ft. Lauderdale	Ft. Lauderdale, FL	Disposition	September 21, 2020
Residence Inn Lake Buena Vista	Lake Buena Vista, FL	Disposition	September 21, 2020
Le Meridien Minneapolis	Minneapolis, MN	Disposition	January 20, 2021
SpringHill Suites Durham	Durham, NC	Disposition	April 29, 2021
SpringHill Suites Charlotte	Charlotte, NC	Disposition	April 29, 2021
Sheraton Ann Arbor	Ann Arbor, MI	Disposition	September 1, 2022
Hilton Marietta	Marietta, GA	Acquisition	December 16, 2022

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 FF&E replacements of approximately 4% to 6% 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 to be 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 that 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 expensed as incurred. Property and equipment acquired in an asset acquisition are recorded at cost. The acquisition cost in an

asset acquisition 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.

Our property and equipment, including assets acquired under finance leases, are depreciated on a straight-line basis over the estimated useful lives of the assets with useful lives ranging from less than a 1 year to 32 years for our Marietta finance lease.

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. In evaluating impairment of hotel properties, we make many assumptions and estimates, including projected cash flows, expected holding periods, and expected useful lives. 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. We recorded impairment charges of $0, $0 and $91.7 million for the years ended December 31, 2022, 2021 and 2020, respectively. See note 5.

Hotel Dispositions—Discontinued operations are defined as the disposal of components of an entity that represents strategic shifts that have (or will have) a major effect on an entity's operations and financial results. We believe that individual dispositions of hotel properties do not represent a strategic shift that has (or will have) a major effect on our operations and financial results as most will not fit the definition. See note 5.

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 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 and the hotel property is measured at the lower of its carrying value or fair value less costs to sell.

Investments in Unconsolidated Entities—As of December 31, 2022, we held a 15.1% ownership interest in OpenKey, a 32.5% ownership interest in 815 Commerce MM and an investment in an entity that owns two resorts in Napa, CA, which are 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 the investments for impairment 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 other-than-temporary-impairment is recorded in "equity in earnings (loss) of unconsolidated entities" in the consolidated statements of operations. No such impairment was recorded for the years ended December 31, 2022, 2021 and 2020.

Our investments in certain unconsolidated entities are considered to be variable interests in the underlying entities. Each VIE, 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 entities' activities and operations, we are not considered to be the primary beneficiary of these entities on an ongoing basis and therefore such entities are not consolidated.

Notes Receivable, net—We record notes receivable at present value upon the transaction date. Any discount or premium is amortized using the effective interest method.

Impairment of Notes Receivable—We review notes receivable for impairment each reporting period. The impairment model requires an estimate of expected credit losses, measured over the contractual life of an instrument, that considers forecasts of future economic conditions in addition to information about past events and current conditions. The Company will estimate 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. Loan impairments are recorded as a valuation allowance and a charge to earnings. Our assessment of impairment is based on considerable management judgment and assumptions. No impairment charges were recorded for the years ended December 31, 2022, 2021 and 2020.

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. Finance leases, as lessee, are recorded based on the underlying nature of the leased asset and finance lease liabilities.

Operating lease ROU assets and finance lease assets and operating and finance 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 and finance lease 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 and the investments in hotel properties 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 amortized 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 Accounting Standard Codification ("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 and Liabilities—Intangible assets represent the acquisition of a permanent docking easement and intangible liabilities represent the liabilities recorded on certain hotel properties' lessor lease contracts that were below market rates at the date of acquisition. The asset is not subject to amortization and liabilities are amortized using the straight-line method over the remaining terms of the respective lease contracts. See note 22.

Deferred Costs, net—Debt issuance costs associated with debt obligations are reflected as a direct reduction to the related debt obligation on our consolidated balance sheets. Debt issuance costs are recorded at cost and amortized over the terms of the related indebtedness using the effective interest method.

We also have debt issuance costs related to delayed draw term loans in the Credit Agreement with Oaktree that meet the definition of an asset and are amortized on a straight-line basis over the contractual term of the arrangement. If the Company, makes any draws the recorded asset will be derecognized and reclassified as a direct reduction of the related debt and amortized using the effective interest method over the remaining initial term.

Deferred franchise fees are amortized on a straight-line basis over the terms of the related franchise agreements and are presented as an asset on our consolidated balance sheets. See note 21.

Derivative Instruments and Hedging—We use interest rate derivatives to hedge our risks and to capitalize on the historical correlation between changes in LIBOR (London Interbank Offered Rate), 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 the 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 the 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—Due to/from related parties represents 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.

Due to/from Ashford Inc.—Due to/from Ashford Inc. represents current receivables and payables resulting from the advisory services fee, including reimbursable expenses as well as other hotel products and services. Due to/from Ashford Inc. is generally settled within a period not exceeding one year.

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. Due to/from third-party hotel managers also represents current receivables and payables resulting from transactions related to hotel management. Due to/from third-party hotel managers is 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 attributable to the common unit holders 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 the 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 as described in note 13. 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 interests in consolidated entities represented an ownership interest of 15% in two hotel properties held by one joint venture until December 31, 2021, and was reported in equity in the consolidated balance sheet. On December 31, 2021, the Company purchased the remaining ownership interest and since then holds a 100% ownership interest in the two hotel properties.

Net income/loss attributable to redeemable noncontrolling interests in the 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 revenue from the occupancy of our hotel rooms, which is driven by the occupancy and average daily rate charged. 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, 2022 and 2021 was $18.3 million and $16.8 million, respectively, and are generally recognized as revenue within a one-year period.

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 revenue. 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, audiovisual services. We evaluate each of these contracts to determine if the hotel is the principal or the agent in the transaction, and record the revenue as appropriate (i.e. gross vs. net).

Other hotel revenue consists of ancillary revenue at the property, including attrition and cancellation fees, resort and destination fees, spas, parking, entertainment and other guest services, as well as rental revenue primarily from leased retail outlets at our hotel properties. Cancellation fees are recognized from non-cancellable deposits when the customer provides notification of cancellation in accordance with established management policy time frames.

Taxes collected from customers and submitted to taxing authorities are not recorded in revenue. Interest income is recognized when earned.

Other Hotel Expenses—Other hotel expenses include Internet, telephone charges, guest laundry, valet parking, and 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, 2022, 2021 and 2020, we incurred advertising costs of $10.1 million, $6.8 million and $4.3 million, respectively. Advertising costs are included in "other" hotel expenses in the accompanying 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. PSUs and Performance LTIP units granted to certain executive officers vest based on market conditions.

With respect to the 2020 award agreements, the number of PSU and Performance LTIP units to be earned ranged from 0% to 200% of target based on achievement of specified absolute and relative total stockholder returns based on the formulas determined by the Company's compensation committee on the grant date. The performance criteria for the PSU and Performance LTIP units are based on market conditions under the relevant literatures. The corresponding compensation cost was recognized ratably over the service period for the award as the service was rendered, based on the grant date fair value of the award, regardless of the actual outcome of the market condition.

With respect to the 2021 and 2022 award agreements, the criteria for the PSU and Performance LTIP units are based on performance conditions and market conditions under the relevant literature. The corresponding compensation cost is recognized, based on the grant date fair value of the award, ratably over the service period for the award as the service is rendered, which may vary from period to period, as the number of performance grants earned may vary based on the estimated probable achievement of certain performance targets (performance conditions). The number of PSU and Performance LTIP Units to be earned based on the applicable performance conditions is determined upon the final vesting date. The initial calculation of the PSU and Performance LTIP units earned can range from 0% to 200% of target, which is further subjected to a specified absolute total stockholder return modifier (market condition) based on the formulas determined by the Company's compensation committee on the grant date. This will result in an adjustment (75% to 125%) of the initial calculation of the number of performance awards earned based on the applicable performance targets resulting in a final award calculation ranging from 0% to 250% of the target amount.

Stock/unit grants to certain independent directors are measured at the grant date based on the market price of the shares at grant date, which amount is fully expensed as the grants of stock/units are fully vested on the date of grant.

Depreciation and Amortization—Depreciation expense is based on the estimated useful life of the assets, while amortization expense for leasehold improvements and finance leases are based on 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 and amortization 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 taxable REIT subsidiaries. However, Ashford TRS is treated as a taxable REIT subsidiary for U.S. federal income tax purposes. In accordance with authoritative accounting guidance, we account for income taxes related to Ashford TRS 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 "Income Taxes" topic of the ASC issued by the Financial Accounting Standards Board ("FASB") which 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 2018 through 2022 remain subject to potential examination by certain federal 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 Adopted Accounting Standards—In August 2020, the FASB issued Accounting Standards Update ("ASU") 2020-06, *Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity* ("ASU 2020-06"), which simplifies the accounting for certain financial instruments with characteristics of liabilities and equity.

This ASU (1) simplifies the accounting for convertible debt instruments and convertible preferred stock by removing the existing guidance in Accounting Standards Codification ("ASC") 470-20, Debt: Debt with Conversion and Other Options, that requires entities to account for beneficial conversion features and cash conversion features in equity, separately from the host convertible debt or preferred stock; (2) revises the scope exception from derivative accounting in ASC 815-40 for freestanding financial instruments and embedded features that are both indexed to the issuer's own stock and classified in stockholders' equity, by removing certain criteria required for equity classification; and (3) revises the guidance in ASC 260, Earnings Per Share, to require entities to calculate diluted earnings per share ("EPS") for convertible instruments by using the if-converted method. In addition, entities must presume share settlement for purposes of calculating diluted EPS when an instrument may be settled in cash or shares. For SEC filers, excluding smaller reporting companies, this ASU is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Entities should adopt the guidance as of the beginning of the fiscal year of adoption and cannot adopt the guidance in an interim reporting period. We adopted the standard effective January 1, 2022, and the adoption of this standard did not have a material impact on our consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848)* ("ASU 2020-04"), which provides optional guidance through December 31, 2022 to ease the potential burden in accounting for, or recognizing the effects of, reference rate reform on financial reporting. In January 2021, the FASB issued 2021-01, *Reference Rate Reform (Topic 848), Scope*, which further clarified the scope of the reference rate reform optional practical expedients and exceptions outlined in Topic 848. The amendments in ASU Nos. 2020-04 and 2021-01 apply to contract modifications that replace a reference rate affected by reference rate reform, providing optional expedients regarding the measurement of hedge effectiveness in hedging relationships that have been modified to replace a reference rate. The Company applied the optional expedient in evaluating debt modifications converting from LIBOR to SOFR. There was no material impact as a result of this adoption.

Reclassification—Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation.

3. Revenue

The following tables present our revenue disaggregated by geographical areas (in thousands):

	Year Ended December 31, 2022					
Primary Geographical Market	**Number of Hotels**	**Rooms**	**Food and Beverage**	**Other Hotel**	**Other**	**Total**
Atlanta, GA Area	10	$ 65,616	$ 16,385	$ 5,194	$ —	$ 87,195
Boston, MA Area	2	49,772	5,533	5,263	—	60,568
Dallas / Ft. Worth Area	7	53,831	12,881	3,559	—	70,271
Houston, TX Area	3	23,864	7,576	828	—	32,268
Los Angeles, CA Metro Area	6	76,603	13,630	4,785	—	95,018
Miami, FL Metro Area	2	25,387	8,225	862	—	34,474
Minneapolis - St. Paul, MN - WI Area	2	12,140	3,806	445	—	16,391
Nashville, TN Area	1	52,786	24,163	4,445	—	81,394
New York / New Jersey Metro Area	6	54,300	18,269	2,771	—	75,340
Orlando, FL Area	2	22,811	1,512	1,801	—	26,124
Philadelphia, PA Area	3	22,055	2,308	861	—	25,224
San Diego, CA Area	2	19,667	934	1,276	—	21,877
San Francisco - Oakland, CA Metro Area	7	63,060	5,744	3,138	—	71,942
Tampa, FL Area	2	26,182	6,528	1,299	—	34,009
Washington D.C. - MD - VA Area	9	108,119	20,786	8,049	—	136,954
Other Areas	36	288,909	47,399	21,223	—	357,531
Orlando WorldQuest	—	4,500	170	1,181	—	5,851
Disposed properties	1	4,400	814	330	—	5,544
Corporate	—	—	—	—	2,884	2,884
Total	101	$ 974,002	$ 196,663	$ 67,310	$ 2,884	$ 1,240,859

	Year Ended December 31, 2021					
Primary Geographical Market	Number of Hotels	Rooms	Food and Beverage	Other Hotel	Other	Total
Atlanta, GA Area	9	$ 47,120	$ 9,085	$ 4,400	$ —	$ 60,605
Boston, MA Area	2	25,426	2,153	3,576	—	31,155
Dallas / Ft. Worth Area	7	36,169	5,646	2,668	—	44,483
Houston, TX Area	3	19,169	3,380	470	—	23,019
Los Angeles, CA Metro Area	6	54,564	7,553	4,803	—	66,920
Miami, FL Metro Area	2	18,559	3,846	723	—	23,128
Minneapolis - St. Paul, MN - WI Area	2	7,188	1,826	855	—	9,869
Nashville, TN Area	1	32,774	11,928	3,714	—	48,416
New York / New Jersey Metro Area	6	32,777	9,004	2,018	—	43,799
Orlando, FL Area	2	15,843	679	1,517	—	18,039
Philadelphia, PA Area	3	16,859	1,252	738	—	18,849
San Diego, CA Area	2	12,392	458	1,258	—	14,108
San Francisco - Oakland, CA Metro Area	7	40,504	2,531	2,505	—	45,540
Tampa, FL Area	2	19,774	2,355	877	—	23,006
Washington D.C. - MD - VA Area	9	51,615	6,330	4,642	—	62,587
Other Areas	36	215,218	26,186	17,176	—	258,580
Orlando WorldQuest	—	3,794	153	877	—	4,824
Disposed properties	4	5,376	546	295	—	6,217
Corporate	—	—	—	—	2,267	2,267
Total	103	$ 655,121	$ 94,911	$ 53,112	$ 2,267	$ 805,411

	Year Ended December 31, 2020					
Primary Geographical Market	Number of Hotels	Rooms	Food and Beverage	Other Hotel	Other	Total
Atlanta, GA Area	9	$ 28,047	$ 5,513	$ 3,096	$ —	$ 36,656
Boston, MA Area	2	9,645	896	2,441	—	12,982
Dallas / Ft. Worth Area	7	22,491	4,896	2,025	—	29,412
Houston, TX Area	3	11,418	2,854	394	—	14,666
Los Angeles, CA Metro Area	6	34,182	4,461	2,721	—	41,364
Miami, FL Metro Area	2	8,643	2,509	302	—	11,454
Minneapolis - St. Paul, MN - WI Area	2	3,932	990	216	—	5,138
Nashville, TN Area	1	12,105	5,591	2,239	—	19,935
New York / New Jersey Metro Area	6	20,130	4,254	1,517	—	25,901
Orlando, FL Area	2	8,415	532	952	—	9,899
Philadelphia, PA Area	3	9,888	1,426	353	—	11,667
San Diego, CA Area	2	6,998	322	665	—	7,985
San Francisco - Oakland, CA Metro Area	7	33,888	2,299	1,568	—	37,755
Tampa, FL Area	2	11,325	2,449	906	—	14,680
Washington D.C. - MD - VA Area	9	31,446	4,737	3,242	—	39,425
Other Areas	36	125,862	15,847	12,483	—	154,192
Orlando WorldQuest	—	1,571	24	547	—	2,142
Disposed properties	18	27,506	1,557	2,189	—	31,252
Corporate	—	—	—	—	1,733	1,733
Total	117	$ 407,492	$ 61,157	$ 37,856	$ 1,733	$ 508,238

4. Investments in Hotel Properties, net

Investments in hotel properties, net consisted of the following (in thousands):

	December 31, 2022	December 31, 2021
Land	$ 622,759	$ 626,917
Buildings and improvements	3,650,464	3,711,006
Furniture, fixtures and equipment	222,665	298,121
Construction in progress	21,609	16,370
Condominium properties	9,889	10,739
Hilton Marietta finance lease	18,998	—
Total cost	4,546,384	4,663,153
Accumulated depreciation	(1,428,053)	(1,432,443)
Investments in hotel properties, net	$ 3,118,331	$ 3,230,710

For the years ended December 31, 2022, 2021 and 2020, we recognized depreciation expense of $201.4 million, $218.5 million and $252.4 million, respectively.

Acquisition

On December 16, 2022, in exchange for satisfying the full outstanding ERFP balance, which is discussed in note 17, Ashford Inc. transferred to the Company 100% ownership of Marietta Leasehold LP and Marietta Leasehold GP, which holds a lease for the Hilton Atlanta/Marietta Hotel and Conference Center (the "Hilton Marietta"). The finance lease asset had an estimated value of approximately $18.8 million and is included in "investments in hotel properties, net" and a corresponding finance lease liability was recorded in "finance lease liabilities". The lease expires on December 31, 2054 and was classified as a finance lease. See note 19.

We accounted for this transaction as an asset acquisition because substantially all of the fair value of the gross assets acquired was concentrated in a group of similar identifiable assets. We allocated the cost of the acquisition including transaction costs of $151,000 to the finance lease asset, increasing the finance lease asset value to approximately $19.0 million.

The following table summarizes the assets and liabilities included in Marietta Leasehold LP (in thousands):

Finance lease asset	$ 18,998
Cash and cash equivalents	1,282
Restricted cash	800
Inventories	48
Prepaid expenses	221
Other assets	1
Finance lease liability	(18,847)
Due to related parties, net	(10)
Accounts payable and accrued expenses	(2,321)

The results of operations of the hotel property have been included in our results of operations from the acquisition date. The table below summarizes the total revenue and net income (loss) in our condensed consolidated statements of operations for the year ended December 31, 2022:

	Year ended December 31, 2022
Total revenue	$ 338
Net income (loss)	$ 30

5. Hotel Disposition and Impairment Charges

Hotel Dispositions

On September 1, 2022, the Company sold the Sheraton in Ann Arbor, MI ("Sheraton Ann Arbor") for total consideration of approximately $35.7 million, which included cash of $34.5 million and an interest-free receivable with an estimated fair value of $1.2 million and a face value of $1.5 million. The payment of the $1.5 million is deferred until the last day of the twenty-fourth month following the closing date. The sale resulted in a loss of approximately $1,000 for the year ended December 31, 2022, which was included in "gain (loss) on sale of assets and hotel properties" in the consolidated statement of operations. The Company also repaid the $30.0 million mortgage loan secured by the hotel property. See note 7.

On January 20, 2021, the Company sold the Le Meridien in Minneapolis, Minnesota, for approximately $7.9 million in cash. The sale resulted in a loss of approximately $90,000 for the year ended December 31, 2021, which was included in "gain (loss) on disposition of assets and hotel properties" in the consolidated statement of operations.

In February 2021, the Company was informed by its lender that it had initiated foreclosure proceedings for the foreclosure of the SpringHill Suites Durham and SpringHill Suites Charlotte, which secured the Company's $19.4 million mortgage loan. The foreclosure proceedings were completed on April 29, 2021 and resulted in a gain on extinguishment of debt of approximately $10.6 million for the year ended December 31, 2021, which was included in "gain (loss) on extinguishment of debt" in the consolidated statement of operations.

On March 9, 2020, the Company sold the Crowne Plaza in Annapolis, Maryland for approximately $5.1 million in cash. The net carrying value was approximately $2.1 million. The sale resulted in a gain of approximately $3.7 million for the year ended December 31, 2020, which was included in "gain (loss) on disposition of assets and hotel properties" in the consolidated statement of operations.

On May 12, 2020, the lender who held the mortgage note secured by the Embassy Suites New York Manhattan Times Square ($108.8 million mortgage loan and $36.2 million in mezzanine loans) sent the Company an acceleration notice which accelerated all payments due under the applicable loan documents. To remedy the acceleration notice, on August 19, 2020 the Company sold the Embassy Suites New York Manhattan Times Square for approximately $143.9 million of consideration, which consisted of $35.1 million in cash and $108.8 million in the form of the assumption of the mortgage loan. The sale resulted in a loss of approximately $40.4 million for the year ended December 31, 2020, which was included in "gain (loss) on disposition of assets and hotel properties" in the consolidated statements of operations.

On June 22, 2020, the lender for the W Hotel in Minneapolis, Minnesota ($45.8 million mortgage loan and $5.8 million mezzanine loan) sent to the Company a notice of UCC sale, which provided that the respective lender would sell the subsidiaries of the Company that own the respective hotel in a public auction. On September 15, 2020, the Company completed a consensual assignment of 100% of the equity interests in the owner of the W Hotel, which resulted in a gain on extinguishment of debt of approximately $1.1 million for the year ended December 31, 2020, which was included in "gain (loss) on extinguishment of debt" in the consolidated statements of operations.

On July 9, 2020, the mortgage, senior mezzanine and junior mezzanine loans with a principal amount of $144.2 million, and securing the Courtyard Billerica, Hampton Inn Columbus Easton, Hampton Inn Phoenix Airport, Homewood Suites Pittsburgh Southpointe, Hampton Inn Pittsburgh Waterfront, Hampton Inn Pittsburgh Washington, Residence Inn Stillwater and Courtyard Wichita (the "Rockbridge Portfolio") matured and the Company failed to repay the loans on such maturity date. On August 19, 2020, the Company completed a consensual assignment of the entities that own the Rockbridge Portfolio in lieu of a UCC sale, which resulted in a gain on extinguishment of debt of approximately $65.2 million for the year ended December 31, 2020, which was included in "gain (loss) on extinguishment of debt" in the consolidated statement of operations.

On July 23, 2020, the lender for the Courtyard Louisville, Courtyard Ft. Lauderdale and Residence Inn Lake Buena Vista (collectively "MS C1" with a $56.0 million mortgage loan and $8.0 million mezzanine loan) sent to us a notice of UCC sale, which provided that the respective lender would sell the subsidiaries of the Company that own the respective hotels in a public auction. On September 21, 2020, the mezzanine lender for MS C1 conducted a UCC-foreclosure of its collateral consisting of 100% of the equity interests of the Courtyard Louisville, Courtyard Ft. Lauderdale and Residence Inn Buena Vista hotels, which resulted in a gain on extinguishment of debt of approximately $19.7 million for the year ended December 31, 2020, which was included in "gain (loss) on extinguishment of debt" in the consolidated statements of operations.

The results of operations for these hotel properties are included in net income (loss) through the date of disposition for the years ended December 31, 2022, 2021 and 2020. The following table includes condensed financial information from these hotel property dispositions that occurred for the years ended December 31, 2022, 2021 and 2020 (in thousands):

	Year Ended December 31,		
	2022	2021	2020
Total hotel revenue	$ 5,544	$ 6,218	$ 31,253
Total hotel operating expenses	(4,261)	(5,460)	(28,077)
Gain (loss) on disposition of assets and hotel properties	(1)	237	(36,680)
Property taxes, insurance and other	(433)	(664)	(7,715)
Depreciation and amortization	(1,203)	(2,620)	(16,321)
Impairment charges	—	—	(91,721)
Operating income (loss)	(354)	(2,289)	(149,261)
Interest expense and amortization of discounts and loan costs	(955)	(2,050)	(24,847)
Gain (loss) on extinguishment of debt	—	10,566	90,349
Income (loss) before income taxes	(1,309)	6,227	(83,769)
(Income) loss before income taxes attributable to redeemable noncontrolling interests in operating partnership	8	(138)	11,045
Net income (loss) before income taxes attributable to the Company	$ (1,301)	$ 6,089	$ (72,724)

Impairment Charges

For the years ended December 31, 2022, 2021 and 2020, we recorded impairment charges of $0, $0 and $91.7 million, respectively.

We recorded an impairment charge of $27.6 million during the year ended December 31, 2020. The impairment charge was comprised of $13.9 million at the Columbus Hampton Inn Easton, $10.0 million at the Canonsburg Homewood Suites Pittsburgh Southpointe and $3.7 million at the Phoenix Hampton Inn Airport North as a result of reduced estimated cash flows resulting from the COVID-19 pandemic and changes to the expected holding periods of these hotel properties. Each impairment charge was based on methodologies which include the development of the discounted cash flow method of the income approach with support based on the market approach, which are considered Level 3 valuation techniques.

On July 9, 2020, the non-recourse mortgage loan secured by the Rockbridge Portfolio matured. The lender provided notice of UCC sale, which resulted in the sale of the subsidiaries of the Company that own the respective hotels in a public auction. As a result, the estimated fair value of each hotel property was compared to its carrying value, as of June 30, 2020. An impairment charge totaling $27.6 million was recorded that was comprised of $1.7 million at the Columbus Hampton Inn Easton, $3.0 million at the Pittsburgh Hampton Inn Waterfront West Homestead, $3.0 million at the Washington Hampton Inn Pittsburgh Meadow Lands, $1.8 million at the Cannonsburg Homewood Suites Pittsburgh Southpointe, $2.4 million at the Stillwater Residence Inn, $9.5 million at the Billerica Courtyard by Marriott Boston, and $6.1 million at the Wichita Courtyard by Marriott Old Town resulting from the difference between the estimated fair value of the property as compared to the net book value at June 30, 2020. We engaged a third-party valuation expert to assist in determining the fair value of the hotel properties. Each impairment charge was based on methodologies which include the development of the discounted cash flow method of the income approach with support based on the market approach, which are considered Level 3 valuation techniques. No further impairment was required for the properties, which were disposed of on August 19, 2020.

In conjunction with the disposition of the W Minneapolis, we engaged a third party valuation expert to assist in determining the fair value of the hotel property. We recorded an impairment charge of $29.9 million, the difference between the estimated fair value of the property as compared to the net book value at September 15, 2020. The impairment charge was based on methodologies which include the development of the discounted cash flow method of the income approach with support based on the market approach, which are considered Level 3 valuation techniques.

In December 2020, the Company entered into a purchase and sale agreement to sell the Le Meridien in Minneapolis, Minnesota. We engaged a third party valuation expert to assist in determining the fair value of the hotel property. We recorded an impairment charge of $6.6 million resulting from the difference between the estimated fair value of the property and the net book value at December 31, 2020. The impairment charge was based on methodologies which included the development of the discounted cash flow method of the income approach with support based on the market approach, which are considered Level 3 valuation techniques. Le Meridien was sold on January 20, 2021.

6. Investments in Unconsolidated Entities

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. Our investment is recorded as a component of "investment in unconsolidated entities" in our consolidated balance sheets and is accounted for under the equity method of accounting as we have been deemed to have significant influence over the entity under the applicable accounting guidance. As of December 31, 2022, the Company has made investments in OpenKey totaling approximately $5.5 million.

As of December 31, 2022, the Company held an investment in 815 Commerce MM of approximately $8.5 million, which is developing the Le Meridien Fort Worth. Our investment is recorded as a component of "investment in unconsolidated entities" in our consolidated balance sheet and is accounted for under the equity method of accounting as we have been deemed to have significant influence over the entity under the applicable accounting guidance.

In November of 2022, the Company made an initial investment of $9.1 million in an entity that owns two resorts in Napa, CA. Our investment is recorded as a component of "investment in unconsolidated entities" in our consolidated balance sheet and is accounted for under the equity method of accounting as we have been deemed to have significant influence over the entity under the applicable accounting guidance.

The following table summarizes our carrying value and ownership interest in unconsolidated entities:

	December 31, 2022	December 31, 2021
Carrying value of the investment in OpenKey (in thousands)	$ 2,103	$ 2,771
Ownership interest in OpenKey	15.1 %	16.7 %
Carrying value of the investment in 815 Commerce MM (in thousands)	$ 8,482	$ 8,482
Ownership interest in 815 Commerce MM	32.5 %	32.5 %
Carrying value of the Napa resorts investment (in thousands)	$ 8,991	$ —

The following table summarizes our equity in earnings (loss) of unconsolidated entities (in thousands):

	Year Ended December 31,		
	2022	2021	2020
OpenKey	$ (668)	$ (540)	$ (448)
815 Commerce MM	—	(18)	—
Napa resorts investment	(136)	—	—
	$ (804)	$ (558)	$ (448)

7. Indebtedness, net

Indebtedness consisted of the following (in thousands):

				December 31, 2022		December 31, 2021	
Indebtedness	Collateral	Maturity	Interest Rate	Debt Balance	Book Value of Collateral	Debt Balance	Book Value of Collateral
Mortgage loan [3]	1 hotel	July 2022	LIBOR [1] + 3.95%	$ —	$ —	$ 33,200	$ 36,116
Mortgage loan [4] [5]	1 hotel	November 2022	LIBOR [1] + 2.70%	—	—	25,000	46,833
Mortgage loan [6] [7]	1 hotel	December 2022	LIBOR [1] + 2.25%	—	—	16,100	24,519
Mortgage loan [8]	1 hotel	January 2023	LIBOR [1] + 3.40%	—	—	37,000	54,837
Mortgage loan [9]	8 hotels	February 2023	LIBOR [1] + 3.07%	395,000	288,740	395,000	294,382
Mortgage loan [10]	2 hotels	March 2023	LIBOR [1] + 2.75%	240,000	207,265	240,000	212,889
Mortgage loan [11]	19 hotels	April 2023	LIBOR[1] + 3.20%	907,030	932,715	910,694	968,078
Mortgage loan	1 hotel	June 2023	LIBOR [1] + 2.45%	73,450	100,142	73,450	102,317
Mortgage loan [12]	7 hotels	June 2023	LIBOR[1] + 3.65%	180,720	124,761	180,720	122,346
Mortgage loan [12]	7 hotels	June 2023	LIBOR [1] + 3.39%	174,400	118,783	174,400	120,065
Mortgage loan [12]	5 hotels	June 2023	LIBOR [1] + 3.73%	221,040	145,085	221,040	152,371
Mortgage loan [12]	5 hotels	June 2023	LIBOR [1] + 4.02%	262,640	80,554	262,640	84,690
Mortgage loan [12]	5 hotels	June 2023	LIBOR [1] + 2.73%	160,000	168,223	160,000	171,440
Mortgage loan [12]	5 hotels	June 2023	LIBOR [1] + 3.68%	215,120	164,792	215,120	174,749
Mortgage loan [13]	17 hotels	November 2023	LIBOR [1] + 3.13%	415,000	220,462	419,000	226,178
Mortgage loan [4]	1 hotel	November 2023	SOFR [2] + 2.80%	25,000	46,659	—	—
Mortgage loan [6]	1 hotel	December 2023	SOFR [2] + 2.85%	15,290	23,440	—	—
Mortgage loan	1 hotel	January 2024	5.49%	6,345	6,556	6,492	6,943
Mortgage loan	1 hotel	January 2024	5.49%	9,261	13,638	9,474	15,196
Term loan [14]	Equity	January 2024	16.00%	195,959	—	200,000	—
Mortgage loan	1 hotel	May 2024	4.99%	5,819	5,983	6,150	6,156
Mortgage loan [15]	1 hotel	June 2024	LIBOR [1] + 2.00%	—	—	8,881	6,968
Mortgage loan [15] [16]	1 hotel	June 2024	SOFR [2] + 2.00%	8,881	6,651	—	—
Mortgage loan	2 hotels	August 2024	4.85%	11,172	8,404	11,427	9,326
Mortgage loan	3 hotels	August 2024	4.90%	22,349	17,041	22,853	14,347
Mortgage loan [17]	1 hotel	November 2024	LIBOR [1] + 4.65%	85,552	87,139	84,000	93,848
Mortgage loan [8] [18]	1 hotel	December 2024	SOFR [2] + 4.00%	37,000	53,525	—	—
Mortgage loan	3 hotels	February 2025	4.45%	46,918	56,536	50,098	59,578
Mortgage loan	1 hotel	March 2025	4.66%	23,326	43,879	23,883	42,915
Mortgage loan [19]	1 hotel	August 2025	LIBOR [1] + 3.80%	—	—	98,000	174,743
Mortgage loan [19]	1 hotel	August 2025	SOFR [2] + 3.91%	98,000	170,329	—	—
				$ 3,835,272	$ 3,091,302	$ 3,884,622	$ 3,221,830
Premiums (discounts), net				(20,249)		(32,777)	
Capitalized default interest and late charges				8,363		23,511	
Deferred loan costs, net				(8,530)		(15,440)	
Embedded debt derivative				23,687		27,906	
Indebtedness, net				$ 3,838,543		$ 3,887,822	

[1] LIBOR rates were 4.392% and 0.101% at December 31, 2022 and December 31, 2021, respectively.

[2] SOFR rate was 4.358% at December 31, 2022.

[3] On September 1, 2022, we sold the property securing this mortgage loan. The assets and liabilities associated with this mortgage loan have been removed from the Company's consolidated balance sheet. See note 5.

[4] On November 9, 2022, we amended this mortgage loan. Terms of the amendment replaced the variable interest rate of LIBOR + 2.70% with SOFR + 2.80%. This mortgage loan has three one-year extension options, subject to satisfaction of certain conditions. The third one-year extension period began in November 2022.

[5] This mortgage loan has a LIBOR floor of 1.25%.

[6] On December 15, 2022, we amended this mortgage loan. Terms of the amendment replaced the variable interest rate of LIBOR + 2.25% with SOFR + 2.85%. Additionally, we paid down $810,000 of principal. This loan has two one-year extension options, subject to satisfaction of certain conditions. The first one-year extension period began in December 2022.

[7] This mortgage loan has a LIBOR floor of 0.25%.

(8) On December 22, 2022, we amended this mortgage loan. Terms of the amendment replaced the variable interest rate of LIBOR + 3.40% with SOFR + 4.00%, extended the current maturity date to December 2024, and added three one-year extension options, subject to satisfaction of certain conditions.

(9) This mortgage loan has five one-year extension options, subject to satisfaction of certain conditions. The fourth one-year extension period began in February 2023. Additionally in February 2023, the Company repaid $50.0 million in principal on this mortgage loan and reduced the 2024 debt yield extension test from 9.25% to 8.50%.

(10) This mortgage loan has five one-year extension options, subject to satisfaction of certain conditions. The third one-year extension period began in March 2023.

(11) This mortgage loan has five one-year extension options, subject to satisfaction of certain conditions. The third one-year extension period began in April 2022.

(12) This mortgage loan has five one-year extension options, subject to satisfaction of certain conditions. The third one-year extension period began in June 2022.

(13) This mortgage loan has five one-year extension options, subject to satisfaction of certain conditions. The fourth one-year extension period began in November 2022. On March 2, 2022, we repaid $4.0 million of principal on this mortgage loan.

(14) This term loan has two one-year extension options, subject to satisfaction of certain conditions. On September 1, 2022, we repaid $4.0 million of principal on this term loan.

(15) On December 7, 2022, we amended this mortgage loan. Terms of the amendment replaced the variable interest rate of LIBOR + 2.00% with SOFR + 2.00%.

(16) This mortgage loan has a SOFR floor of 2.00%.

(17) This mortgage loan has two one-year extension options, subject to the satisfaction of certain conditions. This mortgage loan has a LIBOR floor of 0.10%. Effective September 23, 2022, we drew $1.6 million of the $2.0 million of future additional funding available to replenish restricted cash balances in accordance with the terms of the mortgage loan.

(18) This mortgage loan has a SOFR floor of 0.50%.

(19) On November 9, 2022, we amended this mortgage loan. Terms of the amendment replaced the variable interest rate of LIBOR + 3.80% with SOFR + 3.91%. This mortgage loan has one one-year extension option, subject to satisfaction of certain conditions.

We recognized net premium (discount) amortization as presented in the table below (in thousands):

	Year Ended December 31,		
Line Item	2022	2021	2020
Interest expense and amortization of discounts and loan costs	$ (12,015)	$ (7,142)	$ 154

The amortization of the net premium (discount) is computed using a method that approximates the effective interest method.

During the years ended December 31, 2021 and 2020 the Company entered into forbearance and other agreements which were evaluated to be considered troubled debt restructurings due to terms that allowed for deferred interest and the forgiveness of default interest and late charges. As a result of the troubled debt restructurings all accrued default interest and late charges were capitalized into the applicable loan balances and are being amortized over the remaining term of the loan using the effective interest method. The amount of default interest and late charges capitalized into the loan balance was $33.2 million and $47.5 million during the years ended December 31, 2021 and 2020. No gain or loss was initially recognized as the carrying amount of the original loans was not greater than the undiscounted cash flows of the modified loans. The amount of the capitalized principal that was amortized during the years ended December 31, 2022, 2021 and 2020, was $15.1 million, $35.7 million and $20.0 million, respectively. These amounts are included as a reduction to “interest expense and amortization of discounts and loan costs” in the consolidated statements of operations.

We have extension options relating to certain property-level loans that will permit us to extend the maturity date of our loans if certain conditions are satisfied at the respective extension dates, including the achievement of debt yield targets required in order to extend such loans. To the extent we decide to extend the maturity date of the debt outstanding under the loans, we may be required to prepay a significant amount of the loans in order to meet the required debt yield targets.

If we violate covenants in our 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. As of December 31, 2022, we were in compliance with all covenants related to mortgage loans. We were also in compliance with all covenants under the senior secured term loan facility with Oaktree Capital Management L.P. (“Oaktree”) (the “Oaktree Credit Agreement”). 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 Ashford Trust or Ashford Trust OP, our operating partnership, and the liabilities of such subsidiaries do not constitute the obligations of Ashford Trust or Ashford Trust OP.

Maturities and scheduled amortizations of indebtedness as of December 31, 2022 for each of the five following years and thereafter are as follows (in thousands):

2023	$ 3,287,656
2024	382,965
2025	164,651
2026	—
2027	—
Thereafter	—
Total	$ 3,835,272

8. Notes Receivable, Net and Other

Notes receivable, net are summarized in the table below (dollars in thousands):

	Interest Rate	December 31, 2022	December 31, 2021
Construction Financing Note [1] [4]			
Face amount	7.0 %	$ —	$ 4,000
Certificate of Occupancy Note [2] [4]			
Face amount	7.0 %	$ 5,250	$ 5,250
Discount [3]		(188)	(527)
		5,062	4,723
Notes receivable, net		$ 5,062	$ 8,723

[1] The outstanding principal balance and all accrued and unpaid interest was due and payable on or before the earlier of (i) the buyer closing on third-party institutional financing for the construction of improvements on the property, (ii) three years after the development commencement date, or (iii) July 9, 2024. On March 4, 2022, the Construction Financing Note was paid in full in the amount of $4.0 million.

[2] The outstanding principal balance and all accrued and unpaid interest is due and payable on or before July 9, 2025.

[3] The discount represents the imputed interest during the interest-free period. Interest begins accruing on July 9, 2023.

[4] The notes receivable are secured by the 1.65-acre land parcel adjacent to the Hilton St. Petersburg Bayfront.

No cash interest income was recorded for the year ended December 31, 2022. Cash interest income of $110,000 was recorded for the year ended December 31, 2021. No cash interest income was recorded for the year ended December 31, 2020.

We recognized discount amortization income as presented in the table below (in thousands):

	Year Ended December 31,		
Line Item	2022	2021	2020
Other income (expense)	$ 339	$ 460	$ 554

Part of the consideration received in the sale of the 1.65-acre parking lot adjacent to the Hilton St. Petersburg Bayfront was a parking parcel, which and we obtained access to utilize on August 31, 2021. For the years ended December 31, 2021, and 2020 we received reimbursement of $320,000 and $240,000, respectively, for parking fees and recognized income of $89,000 and $9,000, respectively, which is included in “other income (expense)” in the consolidated statements of operations while the parking parcel was in development.

We recognized imputed interest income as presented in the table below (in thousands):

	Year Ended December 31,		
Line Item	2022	2021	2020
Other income (expense)	$ —	$ 211	$ 300

We recognized amortization expense related to the free use of parking easement as presented in the table below (in thousands):

Line Item	Year Ended December 31, 2022	2021	2020
Other income (expense)	$ —	$ —	$ (117)

On September 1, 2022, the Company sold the Sheraton Ann Arbor. See note 5. Under the purchase and sale agreement, $1.5 million of the sales price is deferred, interest free, until the last day of the 24th month following the closing date (September 30, 2024). The components of the receivable, which is included in "other assets" in the consolidated balance sheet, are summarized below (dollars in thousands):

	Imputed Interest Rate	December 31, 2022
Deferred Receivable		
Face amount	10.0 %	$ 1,500
Discount [1]		(240)
		$ 1,260

[1] The discount represents the imputed interest during the interest-free period.

We recognized discount amortization income as presented in the table below (in thousands):

Line Item	Year Ended December 31, 2022
Other income (expense)	$ 41

9. Derivative Instruments and Hedging

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. To mitigate the nonperformance risk, we routinely use a third party's analysis of the creditworthiness of the counterparties, which supports our belief that the counterparties' nonperformance risk is limited. 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 presents a summary of our interest rate derivatives entered into over each applicable period:

	Year Ended December 31, 2022	2021	2020
Interest rate caps:			
Notional amount (in thousands)	$ 3,365,941 [1]	$ 3,415,301 [1]	$ 457,000 [1]
Strike rate low end of range	2.90 %	2.00 %	3.00 %
Strike rate high end of range	5.50 %	4.00 %	4.00 %
Effective date range	January 2022 - December 2022	January 2021 - October 2021	January 2020 - September 2020
Termination date range	January 2023 - January 2025	February 2022 - November 2024	February 2021 - February 2022
Total cost (in thousands)	$ 40,119	$ 1,158	$ 83

[1] These instruments were not designated as cash flow hedges.

We held interest rate instruments as summarized in the table below:

	December 31, 2022	December 31, 2021
Interest rate caps:		
Notional amount (in thousands)	$ 3,549,941 [1]	$ 3,597,301 [1]
Strike rate low end of range	2.00 %	2.00 %
Strike rate high end of range	5.50 %	4.00 %
Termination date range	January 2023 - January 2025	February 2022 - November 2024
Aggregate principal balance on corresponding mortgage loans (in thousands)	$ 3,505,242	$ 3,438,714

[1] These instruments were not designated as cash flow hedges.

Compound Embedded Debt Derivative—Based on certain provisions in the Oaktree Credit Agreement, the Company is required to pay an exit fee. Under the applicable accounting guidance, the exit fee is considered an embedded derivative liability that meets the criteria for bifurcation from the debt host. There were other features that were bifurcated, but did not have a material value. The embedded debt derivative was initially measured at fair value and the fair value of the embedded debt derivative is estimated at each reporting period. See note 10.

10. Fair Value Measurements

Fair Value Hierarchy—For disclosure purposes, financial instruments, whether measured at fair value on a recurring or nonrecurring basis or not measured at fair value, are classified in a hierarchy consisting of three levels based on the observability of valuation 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 is determined using the market standard methodology of discounting the future expected cash receipts that would occur if variable interest rates rise 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 (LIBOR 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 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, 2022, the LIBOR interest rate forward curve (Level 2 inputs) assumed an uptrend from 4.392% to 4.790% for the remaining term of our derivatives. The LIBOR interest rate forward curve approximates the SOFR interest rate forward curve as of December 31, 2022. Credit spreads (Level 3 inputs) used in determining the fair values of derivatives assumed an uptrend in nonperformance risk for us and all of our counterparties through the maturity dates.

The Company initially recorded an embedded debt derivative of $43.7 million, which was attributed to the compound embedded derivative liability associated with the Oaktree term loan.

The compound embedded derivative liability is considered a Level 3 measurement due to the utilization of significant unobservable inputs in the valuation, which were based on 'with and without' valuation models. Based on the terms and provisions of the Oaktree Credit Agreement, with the assistance of a valuation specialist, the Company utilized a risk neutral model to estimate the fair value of the embedded derivative features requiring bifurcation as of the respective issuance dates and as of the December 31, 2022 reporting date. The risk neutral model is designed to utilize market data and the Company's best estimate of the timing and likelihood of the settlement events that are related to the embedded derivative features in order to estimate the fair value of the respective notes with these embedded derivative features.

The fair value of the notes with the derivative features is compared to the fair value of a plain vanilla note (excluding the derivative features), which is calculated based on the present value of the future default adjusted expected cash flows. The difference between the two values represents the fair value of the bifurcated derivative features as of each respective valuation date.

The key inputs to the valuation models that were utilized to estimate the fair value of the embedded debt derivative are described as follows:

- the default probability-weighted exit fee and prepayment cash flows are based on the contractual terms of the Oaktree Credit Agreement and the expectation of an acceleration event, including default, of the Company;
- the remaining term was determined based on the remaining time period to maturity of the related note with embedded features subject to valuation (as of the respective valuation date);
- the Company's equity volatility estimate was based on the historical equity volatility of the Company, based on the remaining term of the respective loans;
- the risk-free rate was the discount rate utilized in the valuation and was determined based on reference to market yields for U.S. treasury debt instruments with similar terms;
- the recovery rate assumed upon occurrence of a default event was estimated based upon recovery rate data published by credit rating agencies specific to the seniority of the notes; and
- the probabilities and timing of a default-related acceleration event were estimated using an annualized probability of default which was implied from the debt issuance proceeds as of the issuance date, and updated utilizing relevant market data including market observed option-adjusted spreads as of December 31, 2022.

The following table includes a summary of the compound embedded derivative liabilities measured at fair value using significant unobservable (Level 3) inputs (in thousands):

	Fair Value
Balance at January 1, 2021	$ —
Additions	43,680
Re-measurement of fair value	(15,774)
Balance at December 31, 2021	27,906
Re-measurement of fair value	(4,219)
Balance at December 31, 2022	$ 23,687

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, 2022:					
Assets					
Derivative assets:					
Interest rate derivatives - caps	$ —	$ 47,182	$ —	$ 47,182	(1)
Total	$ —	$ 47,182	$ —	$ 47,182	
Liabilities					
Embedded debt derivative	$ —	$ —	$ (23,687)	$ (23,687)	(2)
Net	$ —	$ 47,182	$ (23,687)	$ 23,495	
December 31, 2021:					
Assets					
Derivative assets:					
Interest rate derivatives - caps	$ —	$ 501	$ —	$ 501	(1)
Total	$ —	$ 501	$ —	$ 501	
Liabilities					
Embedded debt derivative	$ —	$ —	$ (27,906)	$ (27,906)	(2)
Net	$ —	$ 501	$ (27,906)	$ (27,405)	

(1) Reported net as “derivative assets” in our consolidated balance sheets.

(2) Reported in “indebtedness, net” in our consolidated balance sheets.

Effect of Fair Value Measured Assets and Liabilities on Condensed 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,		
	2022	2021	2020
Assets			
Derivative assets:			
Interest rate derivatives - floors	$ —	$ (643)	$ 601
Interest rate derivatives - caps	10,947	(657)	(130)
Credit default swaps	—	—	407 (4)
	10,947	(1,300)	878
Non-derivative assets:			
Equity	—	—	801
Total	10,947	(1,300)	1,679
Liabilities			
Derivative liabilities:			
Embedded debt derivative	4,219	15,774	—
Net	$ 15,166	$ 14,474	$ 1,679
Total combined			
Interest rate derivatives - floors	$ —	$ (624)	$ 10,106
Interest rate derivatives - caps	6,562	(657)	(130)
Credit default swaps	—	—	9,974
Embedded debt derivative	4,219	15,774	—
Unrealized gain (loss) on derivatives	10,781 (1)	14,493 (1)	19,950 (1)
Realized gain (loss) on interest rate caps	4,385 (1) (5)	—	—
Realized gain (loss) on credit default swaps	—	—	(9,567) (2) (4)
Realized gain (loss) on interest rate floors	—	(19) (2)	(9,505) (2)
Unrealized gain (loss) on marketable securities	—	—	(1,467) (3)
Realized gain (loss) on marketable securities	—	—	2,268 (2)
Net	$ 15,166	$ 14,474	$ 1,679

(1) Reported in "realized and unrealized gain (loss) on derivatives" in our consolidated statements of operations.

(2) Included in "other income (expense)" in our consolidated statements of operations.

(3) Reported as "unrealized gain (loss) on marketable securities" in our consolidated statements of operations.

(4) Excludes costs of $881 for the year ended December 31, 2020, included in "other income (expense)" associated with credit default swaps.

(5) Represents settled and unsettled payments from counterparties on interest rate caps.

11. Summary of Fair Value of Financial Instruments

Determining estimated fair values of our financial instruments such as notes receivable and indebtedness requires considerable judgment to interpret market data. Market assumptions and/or estimation methodologies used may have a material effect on estimated fair value amounts. Accordingly, estimates presented are not necessarily indicative of amounts at which these instruments could be purchased, sold, or settled. Carrying amounts and estimated fair values of financial instruments, for periods indicated, were as follows (in thousands):

	December 31, 2022		December 31, 2021	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Financial assets measured at fair value:				
Derivative assets	$ 47,182	$ 47,182	$ 501	$ 501
Financial liabilities measured at fair value:				
Embedded debt derivative	$ 23,687	$ 23,687	$ 27,906	$ 27,906
Financial assets not measured at fair value:				
Cash and cash equivalents	$ 417,064	$ 417,064	$ 592,110	$ 592,110
Restricted cash	141,962	141,962	99,534	99,534
Accounts receivable, net	49,809	49,809	37,720	37,720
Notes receivable, net	5,062	4,809 to 5,315	8,723	8,287 to 9,159
Due from Ashford Inc., net	486	486	25	25
Due from related parties, net	6,570	6,570	7,473	7,473
Due from third-party hotel managers	22,462	22,462	26,896	26,896
Financial liabilities not measured at fair value:				
Indebtedness	$ 3,815,023	$3,500,635 to $3,869,122	$ 3,851,845	$3,407,210 to $3,765,858
Accounts payable and accrued expenses	115,970	115,970	117,650	117,650
Accrued interest payable	15,287	15,287	15,432	15,432
Dividends and distributions payable	3,118	3,118	3,104	3,104
Due to related parties, net	—	—	728	728
Due to third-party hotel managers	1,319	1,319	1,204	1,204

Cash, cash equivalents and restricted cash. These financial assets bear interest at market rates and have original maturities of less than 90 days. The carrying value approximates fair value due to their short-term nature. This is considered a Level 1 valuation technique.

Accounts receivable, net, accounts payable and accrued expenses, accrued interest payable, dividends and distributions payable, due to/from related parties, net, due to/from Ashford Inc., net and due to/from third-party hotel managers. The carrying values of these financial instruments approximate their fair values due to their short-term nature. This is considered a Level 1 valuation technique.

Notes receivable, net. The carrying amount of notes receivable, net approximates its fair value. We estimate the fair value of the notes receivable, net to be approximately 95.0% and 105.0% of the carrying value of $5.1 million at December 31, 2022 and approximately 95.0% to 105.0% of the carrying value of $8.7 million as of December 31, 2021. This is considered a Level 2 valuation technique.

Derivative assets and embedded debt derivative. See notes 9 and 10 for a complete description of the methodology and assumptions utilized in determining fair values.

Indebtedness. 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. 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 credit spreads. Credit spreads take into consideration general market conditions, maturity, and collateral. We estimated the fair value of total indebtedness to be approximately 91.8% to 101.4% of the carrying value of $3.8 billion at December 31, 2022 and approximately 88.5% to 97.8% of the carrying value of $3.9 billion at December 31, 2021. These fair value estimates are considered a Level 2 valuation technique.

12. Income (Loss) Per Share

Basic income (loss) per common share is calculated using the two-class method by dividing net income (loss) attributable to common stockholders by the weighted average number of common shares outstanding during the period. Diluted income (loss) per common share is calculated using the two-class method, or treasury stock method if more dilutive, and 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.

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,		
	2022	2021	2020
Income (loss) allocated to common stockholders - basic and diluted:			
Income (loss) attributable to the Company	$ (139,825)	$ (267,005)	$ (543,876)
Less: Dividends on preferred stock	(12,433)	(252)	(32,117)
Less: Deemed dividends on redeemable preferred stock	(946)	—	—
Add: Gain (loss) on extinguishment of preferred stock	—	(607)	55,477
Add: Claw back of dividends on cancelled performance stock units	—	349	606
Distributed and undistributed income (loss) allocated to common stockholders - basic	$ (153,204)	$ (267,515)	$ (519,910)
Net income (loss) attributable to redeemable noncontrolling interests in operating partnership	—	(3,970)	—
Distributed and undistributed income (loss) allocated to common stockholders - diluted	$ (153,204)	$ (271,485)	$ (519,910)
Weighted average common shares outstanding:			
Weighted average common shares outstanding - basic	34,339	21,625	1,576
Effect of assumed conversion of operating partnership units	—	219	—
Weighted average shares outstanding - basic and diluted	34,339	21,844	1,576
Basic income (loss) per share:			
Net income (loss) allocated to common stockholders per share	$ (4.46)	$ (12.37)	$ (329.97)
Diluted income (loss) per share:			
Net income (loss) allocated to common stockholders per share	$ (4.46)	$ (12.43)	$ (329.97)

Due to their anti-dilutive effect, the computation of diluted income (loss) per share does not reflect adjustments for the following items (in thousands):

	Year Ended December 31,		
	2022	2021	2020
Income (loss) allocated to common stockholders is not adjusted for:			
Income (loss) attributable to redeemable noncontrolling interests in operating partnership	$ (1,233)	$ —	(89,008) [1]
Dividends on preferred stock - Series J (inclusive of deemed dividends)	944	—	—
Dividends on preferred stock - Series K (inclusive of deemed dividends)	21	$ —	—
Total	$ (268)	$ —	$ (89,008)
Weighted average diluted shares are not adjusted for:			
Effect of unvested restricted stock	—	20	1
Effect of unvested performance stock units	—	9	—
Effect of assumed conversion of operating partnership units	288	—	190
Effect of assumed issuance of shares for term loan exit fee	1,745	1,672	—
Effect of assumed conversion of preferred stock - Series J	33	—	—
Effect of assumed conversion of preferred stock - Series K	1	—	—
Total	2,067	1,701	191

[1] Inclusive of preferred stock dividends in arrears of $3.1 million for the year ended December 31, 2020 allocated to redeemable noncontrolling interests in operating partnership.

13. Redeemable Noncontrolling Interests in Operating Partnership

Redeemable noncontrolling interests in the operating partnership represents 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 unit holders 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 the units issued under our Long-Term Incentive Plan (the "LTIP units") that are vested. Each common unit may be redeemed 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 the 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 the operating partnership or (ii) the hypothetical sale of such assets, which results from a capital account revaluation, as defined in the partnership agreement, for the 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 Ashford Trust OP, if, when and to the extent the applicable vesting criteria have been achieved following the end of the performance and service period.

With respect to the 2020 award agreements, the number of Performance LTIP units to be earned ranged from 0% to 200% of target based on achievement of specified absolute and relative total stockholder returns based on the formulas determined by the Company's compensation committee on the grant date. The performance criteria for the Performance LTIP units are based on market conditions under the relevant literatures. The corresponding compensation cost was recognized ratably over the service period for the award as the service was rendered, based on the grant date fair value of the award, regardless of the actual outcome of the market condition. During the year ended December 31, 2022, approximately 4,000 Performance LTIP units granted in 2020 were canceled due to the market condition criteria not being met.

With respect to the 2021 and 2022 award agreements, the criteria for the Performance LTIP units are based on performance conditions and market conditions under the relevant literature. The corresponding compensation cost is recognized, based on the grant date fair value of the award, ratably over the service period for the award as the service is rendered, which may vary from period to period, as the number of performance grants earned may vary based on the estimated probable achievement of certain performance targets (performance conditions). The number of Performance LTIP Units to be earned based on the applicable performance conditions is determined upon the final vesting date. The initial calculation of the Performance LTIP units earned can range from 0% to 200% of target, which is further subjected to a specified absolute total stockholder return modifier (market condition) based on the formulas determined by the Company's compensation committee on the grant date. This will result in an adjustment (75% to 125%) of the initial calculation of the number of performance awards earned based on the applicable performance targets resulting in a final award calculation ranging from 0% to 250% of the target amount.

As of December 31, 2022, there were approximately 1.3 million Performance LTIP units outstanding, representing 200% of the target number granted for the 2020 grants and 250% for the 2021 and 2022 grants.

As of December 31, 2022, we have issued a total of approximately 1.6 million LTIP and Performance LTIP units, net of Performance LTIP cancellations. All LTIP and Performance LTIP units other than approximately 1.2 million units (1.2 million of which are Performance LTIP units) have reached full economic parity with, and are convertible into, common units upon vesting.

We recorded compensation expense for Performance LTIP units and LTIP units as presented in the table below (in thousands):

Type	Line Item	Year Ended December 31, 2022	2021	2020
Performance LTIP units	Advisory services fee	$ 1,158	$ 1,128	$ 1,972
LTIP units	Advisory services fee	569	1,119	2,042
LTIP units	Corporate, general and administrative	32	22	—
LTIP units - independent directors	Corporate, general and administrative	413	397	816
		$ 2,172	$ 2,666	$ 4,830

The unamortized cost of the unvested Performance LTIP units, which was $2.5 million at December 31, 2022, will be expensed over a period of 2.2 years with a weighted average period of 2.1 years. The unamortized cost of the unvested LTIP units, which was $538,000 at December 31, 2022, will be expensed over a period of 1.2 years with a weighted average period of 1.2 years.

The following table presents the common units redeemed and the fair value upon redemption (in thousands):

	Year Ended December 31, 2022	2021	2020
Common units converted to stock	—	1	20
Fair value of common units converted	$ —	$ 43	$ 959

The following table presents the redeemable noncontrolling interest in Ashford Trust and the corresponding approximate ownership percentage:

	December 31, 2022	December 31, 2021
Redeemable noncontrolling interests (in thousands)	$ 21,550	$ 22,742
Cumulative adjustments to redeemable noncontrolling interests [(1)] (in thousands)	184,625	186,756
Ownership percentage of operating partnership	0.91 %	0.63 %

[(1)] Reflects the excess of the redemption value over the accumulated historical costs.

We allocated net (income) loss to the redeemable noncontrolling interests and declared aggregate cash distributions to holders of common units and holders of LTIP units, as presented in the table below (in thousands):

	Year Ended December 31, 2022	2021	2020
Allocated net (income) loss to the redeemable noncontrolling interests	$ 1,233	$ 3,970	$ 89,008
Performance LTIP dividend claw back upon cancellation	—	(518)	(1,401)

A summary of the activity of the units in our operating partnership is as follow (in thousands):

	Year Ended December 31, 2022	2021	2020
Outstanding at beginning of year	400	217	219
LTIP units issued	79	70	23
Performance LTIP units issued	1,194	122	5
Performance LTIP units canceled	(4)	(8)	(11)
Common units converted to common stock	—	(1)	(19)
Outstanding at end of year	1,669	400	217
Common units convertible/redeemable at end of year	309	207	178

14. Equity

Common Stock and Preferred Stock Repurchases—On April 6, 2022, the board of directors reapproved a stock repurchase program (the "2022 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 and preferred stock having an aggregate value of up to $200 million. The board of directors' authorization replaced any previous repurchase authorizations. For the years ended December 31, 2022, 2021 and 2020, no shares of our common stock or preferred stock have been repurchased under the Repurchase Program.

In addition, we acquired 43,007, 1,420 and 3,056 shares of our common stock in 2022, 2021 and 2020, 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.

At-the-Market Equity Distribution Agreement—On December 11, 2017, the Company entered into an equity distribution agreement to sell, from time to time shares of the Company's common stock having an aggregate offering price of up to $100 million. As of December 31, 2022, we have issued approximately 437,000 shares of our common stock for gross proceeds of approximately $27.5 million. The program expired on September 28, 2020.

The table below summarizes the activity (in thousands):

	Year Ended December 31, 2020
Common stock issued	413
Gross proceeds received	$ 12,009
Commissions and other expenses	(150)
Net proceeds	$ 11,859

At-the-Market-Equity Distribution Agreement—On April 11, 2022, the Company entered into an equity distribution agreement (the "Virtu Equity Distribution Agreement") with Virtu Americas LLC ("Virtu"), to sell from time to time shares of the Company's common stock having an aggregate offering price of up to $100 million. We will pay Virtu a commission of approximately 1% 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 December 31, 2022, the Company has not issued any common stock pursuant to the Virtu Equity Distribution Agreement.

Common Stock Resale Agreements—On December 7, 2020, the Company and Lincoln Park Capital Fund, LLC ("Lincoln Park") entered into a purchase agreement (the "First Lincoln Park Purchase Agreement") pursuant to which the Company may issue or sell to Lincoln Park up to 1.1 million shares of the Company's common stock from time to time during the term of the First Lincoln Park Purchase Agreement. All shares available under the First Lincoln Park Purchase Agreement have been sold.

The issuance activity is summarized below (in thousands):

	Year Ended December 31,	
	2021	2020
Shares sold to Lincoln Park	205	836
Additional commitment shares	—	19
Total shares issued to Lincoln Park	205	855
Gross proceeds received	$ 4,590	$ 20,556

On March 12, 2021, the Company and Lincoln Park entered into an additional purchase agreement (the "Second Lincoln Park Purchase Agreement"), which provided that subject to the terms and conditions set forth therein, the Company may issue or sell to Lincoln Park up to approximately 2.1 million shares of the Company's common stock. Upon entering into the Second Lincoln Park Purchase Agreement, the Company issued 16,000 shares of common stock as consideration for Lincoln Park's execution and delivery of the Second Lincoln Park Purchase Agreement. All shares available under the Second Lincoln Park Purchase Agreement have been sold.

The issuance activity is summarized below (in thousands):

	Year Ended December 31, 2021
Shares sold to Lincoln Park	2,050
Additional commitment shares	16
Total shares issued to Lincoln Park	2,066
Gross proceeds received	$ 43,586

Common Stock Resale Agreements—On May 17, 2021, the Company and Keystone Capital Partners, LLC ("Keystone") entered into a common stock purchase agreement (the "Keystone Purchase Agreement"), which provides that subject to the terms and conditions set forth therein, the Company may sell to Keystone up to approximately 3.1 million shares of the Company's common stock. Upon entering into the Keystone Purchase Agreement, the Company issued to Keystone 4,000 shares of common stock as consideration for Keystone's commitment to purchase shares of common stock upon the Company's direction under the Keystone Purchase Agreement. All shares available under the Keystone Purchase Agreement have been sold.

The issuance activity is summarized below (in thousands):

	Year Ended December 31, 2021
Shares sold to Keystone	3,062
Additional commitment shares	4
Total shares issued to Keystone	3,066
Gross proceeds received	$ 147,961

Common Stock Standby Equity Distribution Agreement—On January 22, 2021, the Company entered into a Standby Equity Distribution Agreement (the "SEDA") with YA II PN, Ltd., ("YA"), pursuant to which the Company will be able to sell up to approximately 1.4 million shares of its common stock. All shares available under the SEDA have been sold.

The issuance activity is summarized below (in thousands):

	Year Ended December 31, 2021
Shares sold to YA	1,372
Gross proceeds received	$ 40,556

On June 7, 2021, the Company entered into a second Standby Equity Distribution Agreement (the "Second YA SEDA") with YA, pursuant to which the Company will be able to sell up to approximately 3.8 million shares of its common stock. All shares available under the second YA SEDA have been sold.

The issuance activity is summarized below (in thousands):

	Year Ended December 31, 2021
Shares sold to YA	3,790
Gross proceeds received	$ 165,391

Common Stock Resale Agreement—On June 18, 2021, the Company and Seven Knots, LLC ("Seven Knots) entered into a purchase agreement (the "Seven Knots Purchase Agreement") pursuant to which the Company may issue or sell to Seven Knots up to approximately 4.0 million shares of the Company's common stock. All shares available under the Seven Knots Purchase Agreement have been sold.

The issuance activity is summarized below (in thousands):

	Year Ended December 31, 2021
Shares sold to Seven Knots	4,009
Gross proceeds received	$ 81,279

Common Stock Resale Agreement—On July 2, 2021, the Company and B. Riley Principal Capital, LLC ("B. Riley") entered into a purchase agreement (the "B. Riley Purchase Agreement") pursuant to which the Company may issue or sell to B. Riley up to approximately 4.6 million shares of the Company's common stock. All shares available under the B. Riley Purchase Agreement have been sold.

The issuance activity is summarized below (in thousands):

	Year Ended December 31, 2021
Shares sold to B. Riley	4,623
Gross proceeds received	$ 67,989

Common Stock Resale Agreement—On September 9, 2021, the Company and M3A LP ("M3A") entered into a purchase agreement (the "M3A Purchase Agreement") pursuant to which the Company may issue or sell to M3A up to 6.0 million shares of the Company's common stock from time to time during the term of the M3A Purchase Agreement.

The issuance activity is summarized below (in thousands):

	Year Ended December 31,	
	2022	2021
Shares sold to M3A	—	900
Gross proceeds received	$ —	$ 12,941

Preferred Stock—In accordance with Ashford Trust's charter, we are authorized to issue 50 million shares of preferred stock, which currently includes Series D Cumulative Preferred Stock, Series F Cumulative Preferred Stock, Series G Cumulative Preferred Stock, Series H Cumulative Preferred Stock and Series I Cumulative Preferred Stock.

On November 25, 2020, Ashford Trust closed its previously commenced offers to exchange any and all shares of the Company's 8.45% Series D Cumulative Preferred Stock, par value $0.01 per share, 7.375% Series F Cumulative Preferred Stock, par value $0.01 per share, 7.375% Series G Cumulative Preferred Stock, par value $0.01 per share, 7.50% Series H Cumulative Preferred Stock, par value $0.01 per share and 7.50% Series I Cumulative Preferred Stock, par value $0.01 per share for newly issued shares of the Company's common stock, par value $0.01.

The table below summarizes the activity (in thousands):

	Year Ended December 31, 2020		
	Preferred Shares Tendered	Common Shares Initially Issued	Common Shares Issued [1]
8.45% Series D Cumulative Preferred Stock	575	3,211	321
7.375% Series F Cumulative Preferred Stock	1,755	9,791	979
7.375% Series G Cumulative Preferred Stock	1,663	9,279	928
7.50% Series H Cumulative Preferred Stock	1,029	5,742	574
7.50% Series I Cumulative Preferred Stock	1,858	10,366	1,037
	6,880	38,389	3,839

[1] Reflects the number of shares issued after the adjustment for the reverse stock split.

From December 8, 2020 through December 31, 2021, Ashford Trust entered into privately negotiated exchange agreements with certain holders of its 8.45% Series D Cumulative Preferred Stock, 7.375% Series F Cumulative Preferred Stock, 7.375% Series G Cumulative Preferred Stock, 7.50% Series H Cumulative Preferred Stock and 7.50% Series I Cumulative Preferred Stock in reliance on Section 3(a)(9) of the Securities Act of 1933, as amended (the "Securities Act").

The table below summarizes the activity (in thousands):

	Year Ended December 31, 2021			Year Ended December 31, 2020		
	Preferred Shares Tendered	Common Shares Initially Issued	Common Shares Issued [1]	Preferred Shares Tendered	Common Shares Initially Issued	Common Shares Issued [1]
8.45% Series D Cumulative Preferred Stock	617	4,174	653	23	131	13
7.375% Series F Cumulative Preferred Stock	1,640	11,185	1,482	154	795	80
7.375% Series G Cumulative Preferred Stock	2,891	21,371	2,764	114	573	57
7.50% Series H Cumulative Preferred Stock	1,361	10,033	1,217	102	515	52
7.50% Series I Cumulative Preferred Stock	2,138	14,735	1,660	151	774	77
	8,647	61,498	7,776	544	2,788	279

[1] Reflects the number of shares issued after the adjustment for the reverse stock split.

8.45% Series D Cumulative Preferred Stock. At December 31, 2022 and 2021, there were 1.2 million and 1.2 million shares of Series D Cumulative Preferred Stock outstanding, respectively. 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, Series F Cumulative Preferred Stock (noted below), Series G Cumulative Preferred Stock (noted below), Series H Cumulative Preferred Stock (noted below), Series I Cumulative Preferred Stock (noted below), Series J Preferred Stock (see note 16) and Series K Preferred Stock (see note 16) 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, in whole or from time to time in part, at a redemption price of $25 per share plus accrued and unpaid dividends, if any, at the redemption date. Series D Cumulative Preferred Stock quarterly dividends are set at the rate of 8.45% per annum of the $25.00 liquidation preference (equivalent to an annual dividend rate of $2.1124 per share). The dividend rate increases to 9.45% per annum if these shares are no longer traded on a major stock exchange. In general, Series D Cumulative Preferred Stockholders have no voting rights.

7.375% *Series F Cumulative Preferred Stock.* At December 31, 2022 and 2021, there were 1.3 million and 1.3 million shares of 7.375% Series F Cumulative Preferred Stock outstanding, respectively. The Series F 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, Series D Cumulative Preferred Stock, Series G Cumulative Preferred Stock (noted below), Series H Cumulative Preferred Stock (noted below), Series I Cumulative Preferred Stock (noted below), Series J Preferred Stock and Series K 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 F Cumulative Preferred Stock has no maturity date, and we are not required to redeem the shares at any time. Series F Cumulative Preferred Stock is redeemable at our option for cash (on or after July 15, 2021), 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 F 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 F Cumulative Preferred Stock is convertible into a maximum 0.09690 shares of our common stock in those limited circumstances. The actual number is based on a formula as defined in the Series F Cumulative Preferred Stock agreement (unless the Company exercises its right to redeem the Series F cumulative preferred shares for cash, for a limited period upon a change in control). The necessary conditions to convert the Series F Cumulative Preferred Stock to common stock have not been met as of period end. Therefore, Series F Cumulative Preferred Stock will not impact our earnings per share calculations. Series F Cumulative Preferred Stock quarterly dividends are set at the rate of 7.375% of the $25.00 liquidation preference (equivalent to an annual dividend rate of $1.8436 per share). In general, Series F Cumulative Preferred Stockholders have no voting rights.

7.375% *Series G Cumulative Preferred Stock.* At December 31, 2022 and 2021, there were 1.5 million and 1.5 million shares of 7.375% Series G Cumulative Preferred Stock outstanding, respectively. The Series G 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, Series D Cumulative Preferred Stock, Series F Cumulative Preferred Stock, Series H Cumulative Preferred Stock (noted below), Series I Cumulative Preferred Stock (noted below), Series J Preferred Stock and Series K 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 G Cumulative Preferred Stock has no maturity date, and we are not required to redeem the shares at any time. Series G Cumulative Preferred Stock is redeemable at our option for cash (on or after October 18, 2021), 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 G 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 G Cumulative Preferred Stock is convertible into a maximum 0.08333 shares of our common stock in those limited circumstances. The actual number is based on a formula as defined in the Series G Cumulative Preferred Stock agreement (unless the Company exercises its right to redeem the Series G cumulative preferred shares for cash, for a limited period upon a change in control). The necessary conditions to convert the Series G Cumulative Preferred Stock to common stock have not been met as of period end. Therefore, Series G Cumulative Preferred Stock will not impact our earnings per share calculations. Series G Cumulative Preferred Stock quarterly dividends are set at the rate of 7.375% of the $25.00 liquidation preference (equivalent to an annual dividend rate of $1.8436 per share). In general, Series G Cumulative Preferred Stockholders have no voting rights.

7.50% Series H Cumulative Preferred Stock. At December 31, 2022 and 2021, there were 1.3 million and 1.3 million shares of 7.50% Series H Cumulative Preferred Stock outstanding, respectively. The Series H 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, Series D Cumulative Preferred Stock, Series F Cumulative Preferred Stock, Series G Cumulative Preferred Stock, Series I Cumulative Preferred Stock (noted below), Series J Preferred Stock and Series K 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 H Cumulative Preferred Stock has no maturity date, and we are not required to redeem the shares at any time. Series H Cumulative Preferred Stock is redeemable at our option for cash (on or after August 25, 2022), 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 H 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 H Cumulative Preferred Stock is convertible into a maximum 0.08251 shares of our common stock in those limited circumstances. The actual number is based on a formula as defined in the Series H Cumulative Preferred Stock agreement (unless the Company exercises its right to redeem the Series H cumulative preferred shares for cash, for a limited period upon a change in control). The necessary conditions to convert the Series H Cumulative Preferred Stock to common stock have not been met as of period end. Therefore, Series H Cumulative Preferred Stock will not impact our earnings per share. Series H Cumulative Preferred Stock quarterly dividends are set at the rate of 7.50% of the $25.00 liquidation preference (equivalent to an annual dividend rate of $1.8750 per share). In general, Series H Cumulative Preferred Stockholders have no voting rights.

7.50% *Series I Cumulative Preferred Stock.* At December 31, 2022 and 2021, there were 1.3 million and 1.3 million shares of 7.50% Series I Cumulative Preferred Stock outstanding, respectively. The Series I 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 D Cumulative Preferred Stock, Series F Cumulative Preferred Stock, Series G Cumulative Preferred Stock, Series H Cumulative Preferred Stock, Series J Preferred Stock and Series K 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 I Cumulative Preferred Stock has no maturity date, and we are not required to redeem the shares at any time. Series I Cumulative Preferred Stock is redeemable at our option for cash (on or after November 17, 2022), 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 I 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 I Cumulative Preferred Stock is convertible into a maximum 0.08065 shares of our common stock in those limited circumstances. The actual number is based on a formula as defined in the Series I Cumulative Preferred Stock agreement (unless the Company exercises its right to redeem the Series I cumulative preferred shares for cash, for a limited period upon a change in control). The necessary conditions to convert the Series I Cumulative Preferred Stock to common stock have not been met as of period end. Therefore, Series I Cumulative Preferred Stock will not impact our earnings per share. Series I Cumulative Preferred Stock quarterly dividends are

set at the rate of 7.50% of the $25.00 liquidation preference (equivalent to an annual dividend rate of $1.8750 per share). In general, Series I Cumulative Preferred Stockholders have no voting rights.

Dividends—A summary of dividends declared is as follows (in thousands):

	Year Ended December 31,		
	2022	2021	2020
Common stock	$ —	$ —	$ —
Preferred stock:			
Series D Cumulative Preferred Stock	2,481	4,342 [2]	1,262
Series F Cumulative Preferred Stock	2,307	4,036 [2]	2,212
Series G Cumulative Preferred Stock	2,824	4,943 [2]	2,858
Series H Cumulative Preferred Stock	2,453	4,293 [2]	1,781
Series I Cumulative Preferred Stock	2,349	4,111 [2]	2,531
Total dividends declared [1]	$ 12,414	$ 21,725	$ 10,644

[1] In the years ended December 31, 2021 and 2020, we recorded $252,000 and $32.1 million, respectively, of preferred dividend expense after the impact of preferred stock exchanges. All unpaid dividends in arrears as of December 31, 2020 of $21.5 million were declared and paid in 2021.

[2] In the year ended December 31, 2021, the Company declared and paid dividends for each series of preferred stock for unpaid dividends from the second quarter 2020 through the third quarter of 2021. Additionally. the Company declared dividends for the fourth quarter of 2021 that were paid in January 2022.

Noncontrolling Interests in Consolidated Entities—Our noncontrolling entity partner had an ownership interest of 15% in two hotel properties until December 31, 2021, when the Company purchased the remaining ownership interest of the two hotel properties. The table below summarizes (income) loss allocated to noncontrolling interests in consolidating entities (in thousands):

	Year Ended December 31,		
Line Item	2022	2021	2020
(Income) loss allocated to noncontrolling interests in consolidated entities	$ —	$ 73	$ 338

15. Stock-Based Compensation

Under the 2021 Stock Incentive Plan approved by stockholders, we are authorized to grant approximately 1.2 million shares of restricted stock and performance stock units as incentive stock awards. At December 31, 2022, approximately 86,000 shares were available for future issuance under the 2021 Stock 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.

At December 31, 2022, the unamortized cost of the unvested restricted stock was $1.8 million which will be amortized over a period of 1.2 years with a weighted average period of 1.1 years.

The following table summarizes the stock-based compensation expense (in thousands):

	Year Ended December 31,		
Line Item	2022	2021	2020
Advisory services fee	$ 2,509	$ 3,716	$ 3,897
Management fees	56	199	594
Corporate, general and administrative	163	151	298
Corporate, general and administrative - independent directors	90	186	147
	$ 2,818	$ 4,252	$ 4,936

A summary of our restricted stock activity is as follows (shares in thousands):

	Year Ended December 31,					
	2022		2021		2020	
	Units	Weighted Average Price at Grant	Units	Weighted Average Price at Grant	Units	Weighted Average Price at Grant
Outstanding at beginning of year	231	$ 30.76	17	$ 306.10	21	$ 586.00
Restricted stock granted	19	5.59	251	25.38	17	115.50
Restricted stock vested	(125)	36.70	(33)	126.09	(16)	462.50
Restricted stock forfeited	(4)	31.88	(4)	76.73	(5)	348.90
Outstanding at end of year	121	$ 20.63	231	$ 30.76	17	$ 306.10

The fair value of restricted stock vested during the years ended December 31, 2022, 2021 and 2020 was $1.2 million, $926,000 and $2.0 million, respectively.

Performance Stock Units—The compensation committee of the board of directors of the Company may authorize the issuance of performance stock units ("PSUs"), which have a cliff vesting period of three years, 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.

With respect to the 2020 award agreements, the number of PSUs could have ranged from 0% to 200% of target based on achievement of specified absolute and relative total stockholder returns based on the formulas determined by the Company's Compensation Committee on the grant date. The performance criteria for the PSUs are based on market conditions under the relevant literature. The corresponding compensation cost was recognized ratably over the service period for the award as the service is rendered, based on the grant date fair value of the award, regardless of the actual outcome of the market condition. During the year ended December 31, 2022, approximately 4,000 PSUs granted in 2020 were canceled due to the market condition criteria not being met.

With respect to the 2021 and 2022 award agreements, the criteria for the PSUs are based on performance conditions and market conditions under the relevant literature. The corresponding compensation cost is recognized, based on the grant date fair value of the award, ratably over the service period for the award as the service is rendered, which may vary from period to period, as the number of PSUs earned may vary based on the estimated probable achievement of certain performance targets (performance conditions). The number of PSUs to be earned based on the applicable performance conditions is determined upon the final vesting date. The initial calculation of PSUs earned can range from 0% to 200% of target, which is further subjected to a specified absolute total stockholder return modifier (market condition) based on the formulas determined by the Company's compensation committee on the grant date. This will result in an adjustment (75% to 125%) of the initial calculation for the number of PSUs earned based on the applicable performance targets resulting in a final award calculation ranging from 0% to 250% of the target amount.

During the year ended December 31, 2021, approximately 8,000 PSUs granted in 2018 and 2019 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 $349,000.

During the year ended December 31, 2020, 3,000 PSUs 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 $378,000. 7,000 PSUs were forfeited as a result of the separation of an executive officer from the Company. The forfeiture resulted in a credit to equity based compensation expense of approximately $1.9 million for the year ended December 31, 2020, which is included in "advisory services fees" on our consolidated statement of operations. Additionally, as a result of the forfeiture there was a claw back of the previously declared dividends in the amount of $228,000 for the year ended December 31, 2020.

The following table summarizes the compensation expense (in thousands):

	Year Ended December 31,		
Line Item	2022	2021	2020
Advisory services fee	$ 1,008	$ 3,177	$ 958

The unamortized cost of PSUs, which was $1.3 million at December 31, 2022, will be expensed over a period of approximately 2.0 years with a weighted average period of 1.2 years.

A summary of our PSU activity is as follows (shares in thousands):

	Year Ended December 31,					
	2022		2021		2020	
	Units	Weighted Average Price at Grant	Units	Weighted Average Price at Grant	Units	Weighted Average Price at Grant
Outstanding at beginning of year	139	$ 34.81	13	$ 377.90	16	$ 582.00
PSUs granted	34	12.09	134	29.70	7	80.00
PSUs vested	(33)	29.70	—	—	—	—
PSUs forfeited	—	—	—	—	(7)	458.30
PSUs canceled	(4)	80.00	(8)	627.36	(3)	585.00
Outstanding at end of year	136	$ 29.04	139	$ 34.81	13	$ 377.90

16. Redeemable Preferred Stock

Series J Redeemable Preferred Stock

The Company enters into equity distribution agreements with certain sales agents to sell from time-to-time shares of the Series J Redeemable Preferred Stock (the "Series J Preferred Stock"). Pursuant to such equity distribution agreements, the Company is offering a maximum of 20.0 million shares of Series J Preferred Stock or Series K Preferred Stock in a primary offering price of $25.00 per share. The Company is also offering a maximum of 8.0 million shares of the Series J Preferred Stock or Series K Preferred Stock pursuant to a dividend reinvestment plan (the "DRIP") at $25.00 per share (the "Stated Value").

The Series J 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 (Series D Preferred Stock, Series F Preferred Stock, Series G Preferred Stock, Series H Preferred Stock, Series I Preferred Stock and Series K 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 J Preferred Stock shall not have any voting rights, except for if and whenever dividends on any shares of the Series J 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 J 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 J Preferred Stock is also subject to conversion upon certain events constituting a change of control. Upon a change of control, the Company, at its option, may redeem, within 120 days, outstanding shares at a redemption price equal to the Stated Value plus an amount equal to any accrued but unpaid dividends. The Company must pay the redemption price in cash.

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 J 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 J 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 J Preferred Stock to be redeemed.

The Company has the right, in its sole discretion, to redeem the shares in cash, or in an equal 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 J Preferred Stock cash dividends are as follows:

- 8.0% per annum of the Stated Value beginning on the date of the first settlement of the Series J Preferred Stock (the "Date of Initial Closing");

Dividends will be authorized and declared on a monthly basis and payable in arrears on the 15th of each month to holders of record at the close of business on the last business day of each month immediately preceding the applicable thereafter 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 for participating holders to have their Series J Preferred Stock dividend distributions automatically reinvested in additional shares of the Series J Preferred Stock at a price of $25.00 per share.

The issuance activity of the Series J Preferred Stock is summarized below (in thousands):

	Year Ended December 31, 2022
Series J Preferred Stock shares issued [1]	87
Net proceeds	$ 1,959

[1] Exclusive of shares issued under the dividend reinvestment plan.

The Series J 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 J Preferred Stock is classified outside of permanent equity.

At the date of issuance, the carrying amount of the Series J 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 J Preferred Stock is summarized below (in thousands):

	December 31, 2022
Series J Preferred Stock	$ 2,004
Adjustments to Series J Preferred Stock	926

[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, 2022
Series J Preferred Stock	$ 18

Series K Redeemable Preferred Stock

The Company enters into equity distribution agreements with certain sales agents to sell from time-to-time shares of the Series K Redeemable Preferred Stock (the "Series K Preferred Stock"). Pursuant to such equity distribution agreements, the Company is offering a maximum of 20.0 million shares of Series K Preferred Stock or Series J Preferred Stock in a primary offering price of $25.00 per share. The Company is also offering a maximum of 8.0 million shares of the Series K Preferred Stock or Series J Preferred Stock pursuant to a dividend reinvestment plan (the "DRIP") at $25.00 per share (the "Stated Value").

The Series K 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 (Series D Preferred Stock, Series F Preferred Stock, Series G Preferred Stock, Series H Preferred Stock, Series I Preferred Stock and Series J 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 K Preferred Stock shall not have any voting rights, except for if and whenever dividends on any shares of the Series K 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 K 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 K Preferred Stock is also subject to conversion upon certain events constituting a change of control. Upon a change of control, the Company, at its option, may redeem, within 120 days, outstanding shares at a redemption price equal to the Stated Value plus an amount equal to any accrued but unpaid dividends. The Company must pay the redemption price in cash.

The redemption fee shall be an amount equal to:

- 1.5% 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 K Preferred Stock to be redeemed; and
- 0% of the Stated Value beginning on the first anniversary from the Original Issue Date of the shares of the Series K Preferred Stock to be redeemed.

The Company has the right, in its sole discretion, to redeem the shares in cash, or in an equal 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 K 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 K Preferred Stock (the "Series K Original Issue Date") and on each one-year anniversary thereafter for such share of Series K Preferred Stock, the dividend rate shall increase by 0.10% per annum; provided, however, that the dividend rate for any share of Series K Preferred Stock shall not exceed 8.7% per annum of the Stated Value.

Dividends will be authorized and declared on a monthly basis and payable in arrears on the 15th of each month to holders of record at the close of business on the last business day of each month immediately preceding the applicable thereafter 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 for participating holders to have their Series K Preferred Stock dividend distributions automatically reinvested in additional shares of the Series K Preferred Stock at a price of $25.00 per share.

The issuance activity of the Series K Preferred Stock is summarized below (in thousands):

	Year Ended December 31, 2022
Series K Preferred Stock shares issued [1]	2
Net proceeds	$ 44

[1] Exclusive of shares issued under the dividend reinvestment plan.

The Series K 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 K Preferred Stock is classified outside of permanent equity.

At the date of issuance, the carrying amount of the Series K 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 K Preferred Stock is summarized below (in thousands):

	December 31, 2022
Series K Preferred Stock	$ 44
Adjustments to Series K Preferred Stock	$ 20

(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, 2022
Series K Preferred Stock	$ 1

17. Related Party Transactions

Ashford Inc.

Advisory Agreement

Ashford LLC, a subsidiary of Ashford Inc., acts as our advisor. Our chairman, Mr. Monty J. 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. Advisory fees consist of base fees and incentive fees. Prior to January 14, 2021, the base fee was paid monthly and ranged from 0.50% to 0.70% per annum of our total market capitalization, ranging from less than $6.0 billion to greater than $10.0 billion plus the Net Asset Fee Adjustment, as defined in the amended and restated advisory agreement, subject to certain minimums. We are also required to pay Ashford LLC an incentive fee that is measured annually (or 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 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 record equity-based compensation expense for equity grants of common stock and LTIP units awarded to our officers and employees of Ashford LLC in connection with providing advisory services equal to the fair value of the award in proportion to the requisite service period satisfied during the period.

On January 14, 2021, we entered into the Second Amended and Restated Advisory Agreement with Ashford LLC (the "Second Amended and Restated Advisory Agreement"). The Second Amended and Restated Advisory Agreement amends and restates the terms of the Amended and Restated Advisory Agreement, dated June 10, 2015, as amended by the Enhanced Return Funding Program Agreement and Amendment No. 1 to the Amended and Restated Advisory Agreement, dated as of June 26, 2018 to, among other items: (i) revise the term and termination rights; (ii) fix the percentage used to calculate the base fee thereunder at 0.70% per annum; (iii) update the list of peer group members; (iv) suspend the requirement that we maintain a minimum Consolidated Tangible Net Worth (as defined in the Second Amended and Restated Advisory Agreement) until the first fiscal quarter beginning after June 30, 2023; and (v) revise the criteria that would constitute a Company Change of Control (as defined in the Second Amended and Restated Advisory Agreement) in order to provide us additional flexibility to dispose of underperforming assets. In connection with the transactions contemplated by the Oaktree Credit Agreement on January 15, 2021, we entered into a Subordination and Non-Disturbance Agreement with Ashford Inc. and Oaktree pursuant to which we agreed to subordinate to the prior repayment in full of all obligations under the Oaktree Credit Agreement: (1) prior to the later of: (i) the second anniversary of the Oaktree Credit Agreement; and (ii) the date accrued interest "in kind" is paid in full, advisory fees (other than reimbursable expenses) in excess of 80% of such fees paid during the fiscal year ended December 31, 2019; (2) any termination fee or liquidated damages amounts under the advisory agreement, or any amount owed under the enhanced return funding program in connection with the termination of the advisory agreement or sale or foreclosure of assets financed thereunder; and (3) any payments to Lismore in connection with the transactions contemplated by the Oaktree Credit Agreement.

On March 15, 2022, we entered into a Limited Waiver Under Advisory Agreement (the "Limited Waiver") with Ashford Trust OP, Ashford TRS, Ashford Inc. and Ashford LLC. The Company, Ashford Trust OP, Ashford TRS and the Advisor are parties to the Second Amended and Restated Advisory Agreement, which (i) allocates responsibility for certain employee costs between us and our advisor and (ii) permits our board of directors to issue annual equity awards in the Company or Ashford Trust OP to employees and other representatives of our advisor based on achievement by the Company of certain financial or other objectives or otherwise as our board of directors sees fit. Pursuant to the Limited Waiver, the Company, Ashford Trust OP, Ashford TRS and the 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 2022 cash incentive compensation to employees and other representatives of our advisor; provided that such awarded cash incentive compensation does not exceed $8.5 million, in the aggregate, during the waiver period.

The following table summarizes the advisory services fees incurred (in thousands):

	Year Ended December 31,			
	2022	2021	2020	
Advisory services fee				
Base advisory fee	$ 34,802	$ 36,239	$ 34,745	
Reimbursable expenses [1]	9,851	6,934	6,436	
Equity-based compensation [2]	5,244	9,140	8,869	[3]
Incentive fee	—	—	—	
Total advisory services fee	$ 49,897	$ 52,313	$ 50,050	

[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 Ashford Trust's common stock, LTIP units and Performance LTIP units awarded to officers and employees of Ashford LLC.

[3] During the year ended December 31, 2020, 7,000 PSUs were forfeited as a result of the separation of an executive officer from the Company. The forfeiture resulted in a credit to equity based compensation expense of approximately $1.9 million for the year ended December 31, 2020.

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, 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.'s risk management department manages the casualty insurance program. Each year Ashford Inc.'s risk management department collects funds from Ashford Trust, Braemar and their respective hotel management companies, to fund the casualty insurance program as needed, on an allocated basis.

Lismore

On March 20, 2020, Lismore Capital II LLC (formerly known as Lismore Capital LLC) ("Lismore"), a subsidiary of Ashford Inc., entered into an agreement with the Company to seek modifications, forbearances or refinancings of the Company's loans (as amended and restated on July 1, 2020, the "Lismore Agreement"). The Lismore Agreement expired on April 6, 2022.

Upon entering into the agreement with Lismore, the Company made a payment of $5.1 million. No amounts under this payment can be clawed back. As of December 31, 2022, the Company has paid $5.1 million related to periodic installments of which approximately $5.0 million has been expensed in accordance with the agreement. Additionally, the independent members of the board of directors of Ashford Inc. accelerated approximately $506,000 in claw back credit due to Ashford Trust which, absent a waiver, would have occurred occur after the expiration of the Lismore Agreement. Such claw back credit was due to Ashford Trust in connection with certain properties Ashford Trust no longer owns. This amount was offset against base advisory fees. The remaining approximately $149,000 that could be offset against fees under the agreement was offset against the April 2022 base advisory fee payment. Further, the Company has incurred approximately $8.8 million in success fees under the agreement in connection with each signed forbearance or other agreement, of which no amounts are available for claw back. For the years ended December 31, 2022, 2021 and 2020, the Company recognized expense of $768,000, $5.6 million, $12.1 million, respectively, which is included in "write-off of premiums, loan costs and exit fees."

We engage Lismore or its subsidiaries to provide debt placement services and assist with loan modifications on our behalf. During the years ended December 31, 2022, 2021 and 2020, we made payments of $863,000, $784,000 and $385,000, respectively to Lismore.

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 will be allocated 50% to Ashford Inc., 50% to Braemar and 0% to Ashford Trust. Upon reaching the earlier of $400 million in aggregate preferred equity offerings raised, or June 10, 2023, there will 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 will be 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, Ashford Trust entered into a Third Amended and Restated Contribution Agreement with Ashford Inc. and Braemar. The Third Amended and Restated Contribution Agreement states that after the Amended and Restated True-Up Date occurs, capital contributions for the remainder of fiscal year 2023 will be divided between each Party based on the Initial True-Up Ratio. Thereafter on a yearly basis at year-end, starting with the year-end of 2023, there will be a true-up between the Parties whereby there will be adjustments so that the capital contributions made by each Party will be based on the cumulative amount of capital raised by each Party through Ashford Securities as a percentage of the total amount raised by the Parties collectively through Ashford Securities since June 10, 2019 (the resulting ratio of capital contributions among the Company, Ashford Inc. and Braemar following this true-up, the "Cumulative Ratio"). Thereafter, the capital contributions will be divided among each Party in accordance with the Cumulative Ratio, as recalculated at the end of each year.

As of December 31, 2022, Ashford Trust has funded approximately $6.2 million. As of December 31, 2022, $126,000 of the pre-funded amount was included in "other assets" and $5.9 million was included in "due from Ashford Inc., net" on our consolidated balance sheet. As of December 31, 2021, $632,000 of the pre-funded amount was included in "other assets" on our consolidated balance sheet. During the year ended December 31, 2022, the funding estimate was revised based on the latest capital raise estimates of the aggregate equity offerings raised by Ashford Securities, this resulted in a credit to expense of approximately $3.9 million.

The table below summarizes the amount Ashford Trust has expensed related to reimbursed operating expenses of Ashford Securities (in thousands):

	Year Ended December 31,		
Line Item	2022	2021	2020
Corporate, general and administrative	$ (2,617)	$ 19	$ 1,998

Enhanced Return Funding Program

The Enhanced Return Funding Program Agreement (the "ERFP Agreement") generally provides that Ashford LLC will make investments to facilitate the acquisition of properties by Ashford Trust OP that are recommended by Ashford LLC, in an aggregate amount of up to $50 million (subject to increase to up to $100 million by mutual agreement). The investments will equal 10% of the property acquisition price and will be made, either at the time of the property acquisition or at any time generally in the following three years, in exchange for hotel FF&E for use at the acquired property or any other property owned by Ashford Trust OP.

The initial term of the ERFP Agreement is two years (the "Initial Term"), unless earlier terminated pursuant to the terms of the ERFP Agreement. At the end of the Initial Term, the ERFP Agreement shall automatically renew for successive one-year periods (each such period a "Renewal Term") unless either Ashford Inc. or Ashford Trust provides written notice to the other at least 60 days in advance of the expiration of the Initial Term or Renewal Term, as applicable, that such notifying party intends not to renew the ERFP Agreement.

As a result of the Embassy Suites New York Manhattan Times Square acquisition in 2019, under the ERFP Agreement, we were entitled to receive $19.5 million from Ashford LLC in the form of future purchases of hotel FF&E. In the second quarter of 2019, the Company sold $8.1 million of hotel FF&E from certain Ashford Trust hotel properties to Ashford LLC. On March 13, 2020, an extension agreement was entered into whereby the required FF&E acquisition date by Ashford LLC of the remaining $11.4 million was extended to December 31, 2022.

On November 25, 2020, the independent members of the board of directors of Ashford Trust granted Ashford Inc., in its sole and absolute discretion, the right to set-off against the Embassy Suites New York ERFP balance, the fees pursuant to the advisory agreement and Lismore Agreement that have been or may be deferred by Ashford Inc. On April 20, 2021, the Company delivered written notice to Ashford LLC of its intention not to renew the ERFP Agreement. As a result, the ERFP Agreement terminated in accordance with its terms at the end of the current term on June 26, 2021.

Although the ERFP Agreement terminated in accordance with its terms on June 26, 2021, Ashford LLC remained committed to provide Ashford TRS with approximately $11.4 million related to the Company's acquisition of the Embassy Suites Manhattan hotel (the "ES Manhattan ERFP Balance"), which such hotel constituted an Enhanced Return Hotel Asset (as defined in the ERFP Agreement). On December 16, 2022, the Company entered into a Side Letter with our operating partnership, Ashford TRS and our Advisor, pursuant to which the parties agreed that on or before December 16, 2022, our Advisor would transfer to the Company all right, title and interest held by our Advisor and its subsidiaries in the Hilton Marietta and, in exchange therefor, the Company will forgive, cancel and discharge in full the outstanding ES Manhattan ERFP Balance. On December 16, 2022, our operating partnership entered into an Agreement of Purchase and Sale with Ashford LLC, pursuant to which, effective as of December 16, 2022, our operating partnership acquired one hundred percent (100%) of the equity interests in (i) Marietta Leasehold LP (the "Lessee"), the lessee of the Marietta Hotel, and (ii) Marietta Leasehold GP LLC, the sole general partner of the Lessee and, in exchange therefor, the Company forgave, cancelled and discharged in full the outstanding ES Manhattan ERFP Balance.

Design and Construction Services

In connection with Ashford Inc.'s August 8, 2018 acquisition of Remington Lodging's design and construction business, we entered into a design and construction services agreement with Ashford Inc.'s subsidiary, Premier, pursuant to which Premier 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) market service fees at current market rates with respect to construction management, interior design, FF&E purchasing, FF&E expediting/freight management, FF&E warehousing and FF&E installation and supervision. On March 20, 2020, we amended the design and construction services agreement to provide that Premier's fees shall be paid by the Company to Premier upon the completion of any work provided by third-party vendors to the Company.

Hotel Management Services

At December 31, 2022, Remington Hotels managed 68 of our 100 hotel properties and the WorldQuest condominium properties.

We pay monthly hotel management fees equal to the greater of approximately $16,000 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.

Pursuant to the terms of the Letter Agreement dated March 13, 2020 (the "Hotel Management Letter Agreement"), in order to allow Remington Hotels to better manage its corporate working capital and to ensure the continued efficient operation of our hotels, we agreed to pay the base fee and to reimburse all expenses on a weekly basis for the preceding week, rather than on a monthly basis. The Hotel Management Letter Agreement went into effect on March 13, 2020 and will continue until terminated by us.

We also have a mutual exclusivity agreement with Remington Hotels, pursuant to which: (i) we have agreed to engage Remington Hotels to provide management services with respect to any hotel we acquire or invest in, to the extent we have the right and/or control the right to direct the management of such hotel; and (ii) Remington Hotels has agreed to grant us a right of first refusal to purchase any opportunity to develop or construct a hotel that it identifies that meets our initial investment guidelines. We are not, however, obligated to engage Remington Hotels if our independent directors either: (i) unanimously vote to hire a different manager or developer; or (ii) by a majority vote elect not to engage such related party because either special circumstances exist such that it would be in the best interest of our Company not to engage such related party, or, based on the related party's prior performance, it is believed that another manager could perform the management or other duties materially better.

Braemar

As of December 31, 2021, the Company had a $728,000 payable to Braemar, included in "due to related parties, net" on our consolidated balance sheet. The payable related to a legal settlement between Ashford Trust and the City of San Francisco regarding a transfer tax matter associated with the transfer of The Clancy from Ashford Trust to Braemar upon Braemar's 2013 spin-off from Ashford Trust. The transfer taxes were initially paid by Braemar at the time of the spin-off. In January 2022, the City of San Francisco remitted payment, which was then remitted to Braemar by the Company.

Summary of Transactions

In accordance with our advisory agreement, our advisor, or entities in which our advisor has an interest, have a right to provide products or services to our hotels, 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, 2022				
Company	Product or Service	Total	Investments in Hotel Properties, net [1]	Other Hotel Revenue	Management Fees	Other Hotel Expenses
Ashford LLC	Insurance claims services	$ 17	$ —	$ —	$ —	$ —
Ashford Securities	Capital raise services	(2,566)	—	—	—	—
Ashford Securities	Dealer manager fees	44	—	—	—	—
INSPIRE	Audio visual commissions	7,973	—	7,973	—	—
Lismore Capital	Debt placement and related services	1,631	—	—	—	—
OpenKey	Mobile key app	121	—	—	—	121
Premier	Design and construction services	18,776	17,482	—	—	—
Pure Wellness	Hypoallergenic premium rooms	1,294	—	—	—	1,294
Remington Hotels	Hotel management services [3]	49,762	—	—	23,856	25,906

		Year Ended December 31, 2022					
Company	Product or Service	Total	Preferred Stock	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	$ 17		$ 17	$ —	$ —	$ —
Ashford Securities	Capital raise services	(2,566)	51	—	—	(2,617)	—
Ashford Securities	Dealer manager fees	44	44	—	—	—	—
INSPIRE	Audio visual commissions	7,973	—	—	—	—	—
Lismore Capital	Debt placement and related services	1,631	—	—	—	—	1,631
OpenKey	Mobile key app	121	—	—	—	—	—
Premier	Design and construction services	18,776	—	—	1,294	—	—
Pure Wellness	Hypoallergenic premium rooms	1,294	—	—	—	—	—
Remington Hotels	Hotel management services [3]	49,762	—	—	—	—	—

		Year Ended December 31, 2021					
Company	Product or Service	Total	Investments in Hotel Properties, net [1]	Indebtedness, net [2]	Other Assets	Other Hotel Revenue	Management Fees
Ashford LLC	Insurance claims services	$ 74	$ —	$ —	$ —	$ —	$ —
Ashford Securities	Capital raise services	19	—	—	—	—	—
INSPIRE	Audio visual commissions	2,993	—	—	—	2,993	—
Lismore Capital	Debt placement and related services	7,220	—	784	792	—	—
Lismore Capital	Broker services	955	—	955	—	—	—
OpenKey	Mobile key app	121	—	—	—	—	—
Premier	Design and construction services	5,940	5,192	—	—	—	—
Pure Wellness	Hypoallergenic premium rooms	1,366	—	—	—	—	—
Remington Hotels	Hotel management services [3]	35,526	—	—	—	—	17,754

		Year Ended December 31, 2021					
Company	Product or Service	Total	Other Hotel Expenses	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	$ 74	$ —	$ 74	$ —	$ —	$ —
Ashford Securities	Capital raise services	19	—	—	—	19	—
INSPIRE	Audio visual commissions	2,993	—	—	—	—	—
Lismore Capital	Debt placement and related services	7,220	—	—	—	—	5,644
Lismore Capital	Broker services	955	—	—	—	—	—
OpenKey	Mobile key app	121	121	—	—	—	—
Premier	Design and construction services	5,940	—	—	748	—	—
Pure Wellness	Hypoallergenic premium rooms	1,366	1,366	—	—	—	—
Remington Hotels	Hotel management services [3]	35,526	17,772	—	—	—	—

		Year Ended December 31, 2020						
Company	Product or Service	Total		Investments in Hotel Properties, net [1]	Indebtedness, net [2]	Other Assets	Other Hotel Revenue	Management Fees
AIM	Cash management services	$ 995		$ —	$ —	$ —	$ —	$ —
Ashford LLC	Insurance claims services	118		—	—	—	—	—
INSPIRE	Audio visual commissions	2,187		—	—	—	2,187	—
Lismore Capital	Debt placement and related services	16,570	[4]	—	128	4,388	—	—
Lismore Capital	Broker services	170		—	—	70	—	—
OpenKey	Mobile key app	118		—	—	—	—	—
Premier	Design and construction services	6,801		5,727	—	—	—	—
Pure Wellness	Hypoallergenic premium rooms	967		38	—	—	—	—
Remington Hotels	Hotel management services [3]	27,443		—	—	—	—	15,835

		Year Ended December 31, 2020					
Company	Product or Service	Total	Other Hotel Expenses	Property Taxes, Insurance and Other	Advisory Services Fee	Corporate, General and Administrative	Write-off of Premiums, Loan Costs and Exit Fees
AIM	Cash management services	$ 995	$ —	$ —	$ —	$ 995	$ —
Ashford LLC	Insurance claims services	118	—	—	—	—	—
INSPIRE	Audio visual commissions	2,187	—	118	—	—	—
Lismore Capital	Debt placement and related services	16,570	—	—	—	—	12,054
Lismore Capital	Broker services	170	—	—	—	—	100
OpenKey	Mobile key app	118	118	—	—	—	—
Premier	Design and construction services	6,801	—	—	1,074	—	—
Pure Wellness	Hypoallergenic premium rooms	967	929	—	—	—	—
Remington Hotels	Hotel management services [3]	27,443	11,608	—	—	—	—

(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) Other hotel expenses include incentive hotel management fees and other hotel management costs.

(4) Amount excludes a $506 claw back credit due to Ashford Trust. See Lismore Advisory Fee section above.

The following table summarizes amounts (due to) due from Ashford Inc. (in thousands):

Company	Product or Service	(Due to)/Due from Ashford Inc. December 31, 2022	December 31, 2021
Ashford LLC	Advisory services	$ (1,831)	$ 2,121
Ashford LLC	Insurance claims services	(3)	(19)
Ashford Securities	Capital raise services	5,951	—
INSPIRE	Audio visual	(1,650)	(850)
OpenKey	Mobile key app	(12)	(14)
Premier	Design and construction services	(1,966)	(1,185)
Pure Wellness	Hypoallergenic premium rooms	(3)	(15)
Lismore Capital	Debt placement and related services	—	(13)
		$ 486	$ 25

As of December 31, 2022 and 2021, due from related parties, net included a net receivable from Remington Hotels in the amount of $5.4 million and $6.3 million, respectively, primarily related to advances made by Ashford Trust and accrued base and incentive management fees.

As of December 31, 2022 and December 31, 2021, due from related parties, net included a $1.2 million security deposit paid to Remington Hotel Corporation, an entity indirectly owned by Mr. Monty J. Bennett and Mr. Archie Bennett, Jr., for office space allocated to us under our advisory agreement. It will be held as security for the payment of our allocated share of office space rental. If unused the deposit will be returned upon lease expiration or earlier termination.

18. Commitments and Contingencies

Restricted Cash—Under certain management and debt agreements for our hotel properties existing at December 31, 2022, 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 generally 4% to 6% of gross revenues for capital improvements. From time to time, the Company may work with its property managers and lenders in order to utilize lender and manager held reserves to fund operating shortfalls.

Franchise Fees—Under franchise agreements for our hotel properties existing at December 31, 2022, we pay franchisor royalty fees between 3% and 6% of gross rooms revenue and, in some cases, 1% to 3% of food and beverage revenues. Additionally, we pay fees for marketing, reservations, and other related activities aggregating between 1% and 4% of gross rooms revenue and, in some cases, food and beverage revenues. These franchise agreements expire on varying dates between 2023 and 2047. When a franchise term expires, the franchisor has no obligation to renew the franchise. In addition, if we breach the franchise agreement and the franchisor terminates a franchise prior to its expiration date, we may be liable for up to three times the average annual fees incurred for that property.

The table below summarizes the franchise fees incurred (in thousands):

Line Item	Year Ended December 31, 2022	2021	2020
Other hotel expenses	$ 59,195	$ 39,633	$ 26,658

Management Fees—Under hotel management agreements for our hotel properties existing at December 31, 2022, we pay monthly hotel management fees equal to the greater of approximately $16,000 per hotel (increased annually based on consumer price index adjustments) or 3% of gross revenues, or in some cases 2% to 7% of gross revenues, as well as annual incentive management fees, if applicable. These hotel management agreements expire from 2023 through 2038, with renewal options. If we terminate a hotel management agreement prior to its expiration, we may be liable for estimated management fees through the remaining term and liquidated damages or, in certain circumstances, we may substitute a new management agreement.

Leases—We lease land and facilities under non-cancelable operating and finance leases, which expire between 2054 and 2084, including two ground leases related to two hotels and one lease that encompasses the Hilton Marietta. These leases are subject to base rent plus contingent rent based on each hotel property's financial results and escalation clauses. Additionally, other leases have certain contingent rentals included. See note 19.

Capital Commitments—At December 31, 2022, we had capital commitments of $49.6 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.

Income Taxes—We and our subsidiaries file income tax returns in the federal jurisdiction and various states. Tax years 2018 through 2022 remain subject to potential examination by certain federal and state taxing authorities.

Potential Pension Liabilities—Upon our 2006 acquisition of a hotel property, certain employees of such hotel were unionized and covered by a multi-employer defined benefit pension plan. At that time, no unfunded pension liabilities existed. Subsequent to our acquisition, a majority of employees, who are employees of the hotel manager, Remington Lodging, petitioned the employer to withdraw recognition of the union. As a result of the decertification petition, Remington Lodging withdrew recognition of the union. At the time of the withdrawal, the National Retirement Fund, the union's pension fund, indicated unfunded pension liabilities existed. The National Labor Relations Board filed a complaint against Remington Lodging seeking, among other things, a ruling that Remington Lodging's withdrawal of recognition was unlawful. The pension fund entered into a settlement agreement with Remington Lodging on November 1, 2011, providing that Remington Lodging will continue to make monthly pension fund payments pursuant to the collective bargaining agreement. As of December 31, 2022, Remington Lodging continues to comply with the settlement agreement by making the appropriate monthly pension fund payments. If Remington Lodging does not comply with the settlement agreement, we have agreed to indemnify Remington Lodging for the payment of the unfunded pension liability, if any, as set forth in the settlement agreement equal to $1.7 million minus the monthly pension payments made by Remington Lodging since the settlement agreement. To illustrate, if Remington Lodging - as of the date a final determination occurs - has made monthly pension payments equaling $100,000, Remington Lodging's remaining withdrawal liability would be the unfunded pension liability of $1.7 million minus $100,000 (or $1.6 million). This remaining unfunded pension liability would be paid to the pension fund in annual installments of $84,000 (but may be made monthly or quarterly, at Remington Lodging's election), which shall continue for the remainder of 20 years, which is capped, unless Remington Lodging elects to pay the unfunded pension liability amount earlier.

Litigation—*Palm Beach Florida Hotel and Office Building Limited Partnership, et al. v. Nantucket Enterprises, Inc.* This litigation involves a landlord tenant dispute from 2008. This litigation was resolved in 2017 with the determination and reimbursement of attorney's fees being the only remaining dispute. On July 26, 2018, we paid $544,000 as part of a settlement on certain legal fees. The negotiations relating to the potential payment of the remaining attorneys' fees are still ongoing, pending the appeal of a contempt order against the Maraist Law Firm for failing to produce their fee records. As of December 31, 2022, we have accrued approximately $504,000 in legal fees, which represents the Company's estimate of the amount of potential remaining legal fees that could be owed.

On December 4, 2015, Pedro Membrives filed a class action lawsuit against HHC TRS FP Portfolio LLC, Remington Lodging & Hospitality, LLC, Remington Holdings LLC, Mark A. Sharkey, Archie Bennett, Jr., Monty J. Bennett, Christopher Peckham, and any other related entities in the Supreme Court of New York, Nassau County, Commercial Division. On August 30, 2016, the complaint was amended to add Michele Spero as a Plaintiff and Remington Long Island Employers, LLC as a defendant. The lawsuit is captioned Pedro Membrives and Michele Spero, individually and on behalf of others similarly situated v. HHC TRS FP Portfolio LLC, Remington Lodging & Hospitality, LLC, Remington Holdings LLC, Remington Long Island Employers, LLC, et al., Index No. 607828/2015 (Sup. Ct. Nassau Cty.). The plaintiffs allege that the owner and management company of the Hyatt Regency Long Island hotel violated New York law by improperly retaining service charges rather than distributing them to employees. In 2017, the class was certified. On July 24, 2018, the trial court granted the plaintiffs' motion for summary judgment on liability. The defendants appealed the summary judgment to the New York State Appellate Division, Second Department (the "Second Department"). The Second Department heard oral arguments in this matter on April 20, 2021, and on July 14, 2021, affirmed in part, and modified in part, the trial court's summary judgment in favor of the plaintiffs. Due to the Second Department's holding, all information produced during discovery, and the continuing cost and risk, to both sides, a settlement was reached, signed by the parties and approved by the Court in June 2022. The settlement required the Company to establish a settlement fund that will be used to pay plaintiffs that opted in by November 10, 2022 and are entitled to receive payment, and to fund administrative expenses. The Company previously recorded an accrual of approximately $4.2 million and paid a $100,000 deposit. On December 1, 2022, the Court issued a final award of approximately $7.0 million. The settlement amount was prepared by the plaintiff's expert which was confirmed by the Estate Administrator, all in accordance with the settlement agreement and based on a generally accepted methodology. The Company agreed to the settlement amount of approximately $7.0 million, subject to its right to recover $263,000 that is being held in reserve. On December 7, 2022, the Company remitted payment of $6.9 million, net of the $100,000 deposit and recorded additional expense of approximately $2.8 million, which is in addition to the $4.2 million expense previously recorded.

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 nine hotels owned by subsidiaries of the Company. The court has entered an order granting class certification with respect to: (1) 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 (2) 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. While we believe it is reasonably possible that we may incur a loss associated with this litigation, because there remains uncertainty under California law with respect to a significant legal issue, discovery relating to class members continues, and the trial judge retains discretion to award lower penalties than set forth in the applicable California employment laws, we do not believe that any potential loss to the Company is reasonably estimable at this time. As of December 31, 2022, no amounts have 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 Disability 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. However, our assessment may change depending upon the development of these legal proceedings, and the final results of these legal proceedings cannot be predicted with certainty. If we 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.

19. Leases

The majority of our leases, as lessee, are operating ground leases. We also have 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 year to 99 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.

In December 2022, the Company acquired the lease of a single hotel property in Marietta, Georgia. The lease is considered a finance lease and resulted in an increase to "investments in hotel properties, net" and "finance lease liabilities" of approximately $19.0 million, inclusive of transaction costs, and $18.8 million, respectively. See note 4.

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, 2022 and 2021, our leased assets and liabilities consisted of the following (in thousands):

	Lease Classification	December 31, 2022	December 31, 2021
Assets			
Operating lease right-of-use assets	Operating lease right-of-use assets	$ 43,921	$ 44,575
Finance lease assets	Investments in hotel properties, net	18,972	—
Total leased assets		$ 62,893	$ 44,575
Liabilities			
Operating lease liabilities	Operating lease liabilities	$ 44,661	$ 45,106
Finance lease liabilities	Finance lease liabilities	18,847	—
Total leased liabilities		$ 63,508	$ 45,106

We incurred the following lease costs related to our leases (in thousands):

Lease cost	Classification	Year Ended December 31, 2022	2021	2020
Operating lease cost				
Rent expense	Hotel operating expenses - other [1]	$ 4,714	$ 4,665	$ 4,453
Finance lease cost				
Amortization of lease assets	Depreciation and amortization	$ 26	$ —	$ —

[1] For the years ended December 31, 2022, 2021, and 2020, operating lease cost includes approximately $1.2 million, $1.1 million and $495,000, respectively, of variable lease cost associated with the ground leases and $181,000, $211,000 and $227,000, respectively of net amortization costs related to the intangible assets and liabilities 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:

Supplemental Cash Flows Information	Year Ended December 31, 2021	2020	2019
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases (in thousands)	$ 2,713	$ 2,824	$ 3,028
Weighted Average Remaining Lease Term			
Operating leases [1]	67 years	68 years	69 years
Finance lease [2]	32 years	—	—
Weighted Average Discount Rate			
Operating leases [1]	5.14 %	5.14 %	5.14 %
Finance lease	10.68 %	— %	— %

[1] Calculated using the lease term, excluding extension options, and our calculated discount rates of the ground leases and owner managed leases.

[2] The weighted-average remaining lease term includes the lease term of our finance lease with the City of Marietta which terminates December 31, 2054.

Future minimum lease payments due under non-cancellable leases as of December 31, 2022 were as follows (in thousands):

	Operating Leases	Finance Lease
2023	$ 3,017	$ 2,411
2024	2,976	2,411
2025	2,972	2,411
2026	2,957	2,284
2027	2,924	1,904
Thereafter	178,169	53,821
Total future minimum lease payments [1]	193,015	65,242
Less: interest	148,354	46,395
Present value of lease liabilities	$ 44,661	$ 18,847

[1] Based on payment amounts as of December 31, 2022.

Enhanced Return Funding Program

We lease certain assets from Ashford Inc. under the Enhanced Return Funding Program. See note 17.

20. Income Taxes

For U.S. federal income tax purposes, we elected to be treated 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 prior to December 31, 2017) and may not qualify as a

REIT for four years that are subsequently taxable. 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, 2022, all of our 100 hotel properties and WorldQuest were leased or owned by Ashford TRS (our taxable REIT subsidiaries). Ashford TRS recognized net book income (loss) of $44.2 million, $31.1 million and $(142.0) million for the years ended December 31, 2022, 2021 and 2020, respectively.

The following table reconciles the income tax (expense) benefit at statutory rates to the actual income tax (expense) benefit recorded (in thousands):

	Year Ended December 31,		
	2022	2021	2020
Income tax (expense) benefit at federal statutory income tax rate of 21%	$ (9,291)	$ (6,513)	$ 29,811
State income tax (expense) benefit, net of U.S. federal income tax benefit	(1,219)	(413)	4,014
Permanent differences	(2,342)	(238)	415
Provision to return adjustment	1,971	60	(228)
Gross receipts and margin taxes	(506)	(199)	(347)
Interest and penalties	(199)	(18)	(13)
Valuation allowance	5,250	1,373	(32,317)
Total income tax (expense) benefit	$ (6,336)	$ (5,948)	$ 1,335

The components of income tax (expense) benefit are as follows (in thousands):

	Year Ended December 31,		
	2022	2021	2020
Current:			
Federal	$ (4,616)	$ (4,950)	$ 826
State	(1,773)	(885)	(549)
Total current income tax (expense) benefit	(6,389)	(5,835)	277
Deferred:			
Federal	53	(113)	927
State	—	—	131
Total deferred income tax (expense) benefit	53	(113)	1,058
Total income tax (expense) benefit	$ (6,336)	$ (5,948)	$ 1,335

For the years ended December 31, 2022, 2021 and 2020 income tax expense includes interest and penalties paid to taxing authorities of $199,000, $18,000 and $11,000, respectively. Additionally, in 2020 we received interest income of $19,000 included in income tax expense. At December 31, 2022 and 2021, we determined that there were no material amounts to accrue for interest and penalties due to taxing authorities.

At December 31, 2022 and 2021, our deferred tax asset (liability) and related valuation allowance consisted of the following (in thousands):

	December 31,	
	2022	2021
Allowance for doubtful accounts	$ 104	$ 93
Unearned income	950	1,119
Federal and state net operating losses	22,367	28,553
Capital loss carryforward	7,440	7,442
Accrued expenses	1,781	1,466
Prepaid expenses	(22)	(44)
Tax property basis less than book basis	(2,483)	(2,302)
Tax derivatives basis greater than book basis	315	322
Other	321	1,676
Deferred tax asset (liability)	30,773	38,325
Valuation allowance	(31,205)	(38,810)
Net deferred tax asset (liability)	$ (432)	$ (485)

At December 31, 2022, we had TRS NOLs for U.S. federal income tax purposes of $90.3 million, however our utilization of such NOLs to offset TRS taxable income is limited to approximately $7.3 million per year through 2025, and $1.2 million per year thereafter under Section 382 of the Internal Revenue Code. NOLs become subject to an annual limitation in the event of certain cumulative changes in the ownership of significant shareholders over a three-year period in excess of 50%, as defined under Section 382 of the Internal Revenue Code. Also in total $9.9 million of our TRS NOLs are subject to expiration and will begin to expire in 2023. The remainder was generated after December 31, 2017 and is not subject to expiration under the Tax Cuts and Jobs Act. At December 31, 2022, Ashford Hospitality Trust, Inc., our REIT, had NOLs for U.S. federal income tax purposes of $1.1 billion based on the latest filed tax returns. Utilization of the REIT NOLs subject to Section 382 are limited to approximately $37.2 million per year through 2025, and $9.4 million per year thereafter. $426.1 million of our net operating loss carryforward will begin to expire in 2023 and is available to offset future taxable income, if any, through 2036. The remainder was generated after December 31, 2017 and is not subject to expiration under the Tax Cuts and Jobs Act.

At December 31, 2022 and 2021, we maintained a valuation allowance of $31.2 million and $38.8 million, respectively. At December 31, 2022 and 2021, we have reserved certain deferred tax assets of our TRS entities as we believe it is more likely than not that these deferred tax assets will not be realized. We considered all available evidence, both positive and negative. We concluded that the objectively verifiable negative evidence of a history of consolidated losses and the limitations imposed by the Code on the utilization of net operating losses of acquired subsidiaries outweigh the positive evidence. We believe this treatment is appropriate considering the nature of the intercompany transactions and leases between the REIT and its subsidiaries and that the current level of taxable income at the TRS is primarily attributable to our current transfer pricing arrangements. The transfer pricing arrangements are renewed upon expiration. All existing leases were extended and terms amended in 2020 to reflect the economic impact of COVID-19. Outside consultants prepared the transfer pricing studies supporting the rents from the leases. Outside consultants will continue to provide transfer pricing studies on any newly acquired properties. The intercompany rents are determined in accordance with the arms' length transfer pricing standard, taking into account the cost of ownership to the REIT among other factors. 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,		
	2022	2021	2020
Balance at beginning of year	$ 38,810	$ 40,029	$ 7,712
Additions	—	—	32,317
Deductions	(7,605)	(1,219)	—
Balance at end of year	$ 31,205	$ 38,810	$ 40,029

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was signed into law and includes certain income tax provisions relevant to businesses. The Company was required to recognize the effect on the consolidated financial statements in the period the law was enacted. For the year ended December 31, 2020, the CARES Act allowed us to record a tax benefit of $858,000 for the 2020 net operating loss at our TRS that was carried back to prior tax years.

21. Deferred Costs, net

Deferred costs, net consist of the following (in thousands):

	December 31,	
	2022	2021
Deferred franchise fees	$ 3,171	$ 3,256
Deferred loan costs	5,479	5,278
Total costs	8,650	8,534
Accumulated amortization	(5,985)	(3,533)
Deferred costs, net	$ 2,665	$ 5,001

22. Intangible Assets, net and Intangible Liabilities, net

Intangible assets, net and intangible liabilities, net consisted of the following (in thousands):

	Intangible Assets, net		Intangible Liabilities, net	
	December 31,		December 31,	
	2022	2021	2022	2021
Cost	$ 797	$ 797	$ 2,723	$ 2,723
Accumulated amortization	—	—	(626)	(546)
	$ 797	$ 797	$ 2,097	$ 2,177

The intangible assets represent the acquisition of the permanent exclusive docking easement for riverfront land located in front of the Hyatt Savannah hotel in Savannah, Georgia. This intangible asset is not subject to amortization and has a carrying value of $797,000 as of December 31, 2022 and 2021.

As of December 31, 2022 and 2021, intangible liabilities, net represents below market rate leases where the Company is the lessor. For the years ended December 31, 2022, 2021 and 2020 we recorded $80,000, $80,000, and $80,000, respectively, of other revenue related to leases where we are the lessor.

Estimated future amortization for intangible liabilities for each of the next five years and thereafter is as follows (in thousands):

2023	$ 80
2024	36
2025	32
2026	32
2027	32
Thereafter	1,885
Total	$ 2,097

23. Concentration of Risk

Our investments are primarily concentrated within the hotel industry. Our investment strategy is predominantly focused on investing in upper upscale full-service hotels in the United States that have RevPAR generally less than twice the national average. During 2022, approximately 11% of our total hotel revenue was generated from nine hotel properties located in the Washington D.C. area. All hotel properties securing our mortgage loans are located domestically at December 31, 2022. Accordingly, adverse conditions in the hotel industry will have a material adverse effect on our operating and investment revenues and cash available for distribution to stockholders.

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. At December 31, 2022, we have exposure risk related to our derivative contracts. Our counterparties are investment grade financial institutions.

24. Segment Reporting

We operate in one business segment within the hotel lodging industry: direct hotel investments. Direct hotel investments refer 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 have similar economic characteristics. As of December 31, 2022 and December 31, 2021, all of our hotel properties were domestically located.

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, 2022 ("Evaluation Date"). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of the Evaluation Date, our disclosure controls and procedures were effective (i) to ensure that information required to be disclosed in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms; and (ii) to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act 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, 2022. 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, 2022, our internal control over financial reporting was effective. The effectiveness of our internal control over financial reporting as of December 31, 2022 has been audited by BDO USA, LLP, 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

There were no changes in our internal controls over financial reporting that occurred during the fiscal quarter ended December 31, 2022, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Report of Independent Registered Public Accounting Firm

Stockholders and Board of Directors
Ashford Hospitality Trust, Inc.
Dallas, Texas

Opinion on Internal Control over Financial Reporting

We have audited Ashford Hospitality Trust, Inc.'s (the "Company's") internal control over financial reporting as of December 31, 2022, 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, 2022, 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, 2022 and 2021, the related consolidated statements of operations, comprehensive income (loss), equity (deficit), and cash flows for each of the three years in the period ended December 31, 2022, and the related notes and schedule and our report dated March 10, 2023 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, LLP

Dallas, Texas
March 10, 2023

Item 9B. ***Other Information***

None.

Item 9C. ***Disclosure Regarding Foreign Jurisdictions That Prevent Inspections***

Not applicable.

PART III

Item 10. ***Directors, Executive Officers and Corporate Governance***

The required information is incorporated by reference from the Proxy Statement pertaining to our 2023 Annual Meeting of Stockholders, 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 required information is incorporated by reference from the Proxy Statement pertaining to our 2023 Annual Meeting of Stockholders, 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 required information is incorporated by reference from the Proxy Statement pertaining to our 2023 Annual Meeting of Stockholders, 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 required information is incorporated by reference from the Proxy Statement pertaining to our 2023 Annual Meeting of Stockholders, 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 required information is incorporated by reference from the Proxy Statement pertaining to our 2023 Annual Meeting of Stockholders, 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 64 through 122 hereof, for our consolidated financial statements and report of independent registered public accounting firm.

The following financial statement schedule is included herein on pages 133 through 136 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	Description
2.1	Separation and Distribution Agreement, dated October 31, 2014, by and between Ashford Hospitality Trust, Inc., Ashford OP Limited Partner LLC, Ashford Hospitality Limited Partnership, Ashford Inc. and Ashford Hospitality Advisors LLC (incorporated by reference to Exhibit 2.1 to Form 8-K, filed on November 6, 2014, for the event dated October 31, 2014) (File No. 001-31775)
3.1	Articles of Amendment and Restatement, as amended by Amendment Number One to Articles of Amendment and Restatement (incorporated by reference to Exhibit 4.6 to Registration Statement on Form S-3 filed May 15, 2015)
3.2	Amendment Number Two to Articles of Amendment and Restatement (incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-K, filed on May 22, 2017) (File No. 00131775)
3.3	Articles of Amendment to the Company's charter (incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-K, filed on July 1, 2020) (File No. 001-31775)
3.4	Articles of Amendment to the Articles of Amendment and Restatement of the Company (incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-K, filed on July 16, 2021) (File No. 001-31775)
3.5	Second Amended and Restated Bylaws, as amended by Amendment No. 1 on October 26, 2014, by Amendment No. 2 on October 19, 2015, by Amendment No. 3 on August 2, 2016 by Amendment No. 4 on March 17, 2022 and by Amendment No. 5 on February 23, 2023 (incorporated by reference to Exhibit 3.2 to the Registrant's Form 8-K, filed on February 23, 2023) (File No. 01-31775)
4.1	Form of Certificate for Common Stock (incorporated by reference to Exhibit 4.1 of Form S-11/A, filed on August 20, 2003) (File No. 001-31775)
4.1.1	Articles Supplementary for Series A Cumulative Preferred Stock, dated September 15, 2004 (incorporated by reference to Exhibit 4.1.1 of Form 10-K, filed on February 28, 2012) (File No. 001-31775)
4.1.2	Form of Certificate of Series A Cumulative Preferred Stock (incorporated by reference to Exhibit 4.1.2 of Form 10-K, filed on February 28, 2012) (File No. 001-31775)
4.2.1	Articles Supplementary for Series D Cumulative Preferred Stock, dated July 17, 2007 (incorporated by reference to Exhibit 3.5 to the Registrant's Form 8-A, filed July 17, 2007)
4.2.2	Form of Certificate of Series D Cumulative Preferred Stock (incorporated by reference to Exhibit 4.2 to the Registrant's Form 8-A, filed July 17, 2007)
4.3.1	Articles Supplementary for Series E Cumulative Preferred Stock, dated April 15, 2011 (incorporated by reference to Exhibit 3.6 to the Registrant's Form 8-A, filed April 18, 2011)
4.3.2	Form of Certificate of Series E Cumulative Preferred Stock (incorporated by reference to Exhibit 4.2 to the Registrant's Form 8-A, filed April 18, 2011)
4.4	Articles Supplementary for Series F Cumulative Preferred Stock, accepted for record and certified by the Maryland State Department of Assessments and Taxation on July 11, 2016 (incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-K, filed July 12, 2016) (File No. 001-31775)
4.5	Articles Supplementary for Series G Cumulative Preferred Stock, accepted for record and certified by the Maryland State Department of Assessments and Taxation on October 17, 2016 (incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-K, filed on October 18, 2016) (File No. 001-31775)
4.6	Articles Supplementary for Series H Cumulative Preferred Stock, accepted for record and certified by the Maryland State Department of Assessments and Taxation on August 18, 2017 (incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-K, filed on August 22, 2017) (File No. 001-31775)
4.7	Articles Supplementary for Series I Cumulative Preferred Stock, accepted for record and certified by the Maryland State Department of Assessments and Taxation on November 14, 2017 (incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-K, filed on November 14, 2017) (File No. 001-31775)
4.8	Articles Supplementary establishing the Series J Preferred Stock, accepted for record and certified by the SDAT on September 14, 2022 (incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-K, filed on September 14, 2022) (File No. 001-31775)
4.9	Articles Supplementary establishing the Series K Preferred Stock, accepted for record and certified by the SDAT on September 14, 2022 (incorporated by reference to Exhibit 3.2 to the Registrant's Form 8-K, filed on September 14, 2022) (File No. 001-31775)
4.10*	Description of Securities
10.1	Seventh Amended and Restated Agreement of Limited Partnership of Ashford Hospitality Limited Partnership (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K, filed on April 15, 2016) (File No. 001-31775)
10.1.2	Amendment No. 1 to Seventh Amended and Restated Agreement of Limited Partnership of Ashford Hospitality Limited Partnership, dated July 12, 2016 (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K, filed on July 12, 2016) (File No. 001-31775)
10.1.3	Amendment No. 2 to Seventh Amended and Restated Agreement of Limited Partnership of Ashford Hospitality Limited Partnership, dated October 18, 2016 (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K, filed on October 18, 2016) (File No. 001-31775)

Exhibit	Description
10.1.4	Amendment No. 3 to Seventh Amended and Restated Agreement of Limited Partnership of Ashford Hospitality Limited Partnership, dated August 25, 2017 (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K, filed on August 25, 2017) (File No. 001-31775)
10.1.5	Amendment No. 4 to Seventh Amended and Restated Agreement of Limited Partnership of Ashford Hospitality Limited Partnership, dated November 17, 2017 (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K, filed on November 17, 2017) (File No. 001-31775)
10.1.6	Amendment No. 5 to Seventh Amended and Restated Agreement of Limited Partnership of Ashford Hospitality Limited Partnership, dated December 13, 2017 (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K, filed on December 14, 2017) (File No. 001-31775)
10.1.7	Amendment No. 6 to Seventh Amended and Restated Agreement of Limited Partnership of Ashford Hospitality Limited Partnership, dated as of February 26, 2019 (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K, filed on April 29, 2022) (File No. 001-31775).
10.1.8	Amendment No. 7 to Seventh Amended and Restated Agreement of Limited Partnership of Ashford Hospitality Limited Partnership, dated July 15, 2020 (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K, filed on July 15, 2020) (File No. 001-31775)
10.1.9	Amendment No. 8 to the Seventh Amended and Restated Agreement of Limited Partnership of Ashford Hospitality Limited Partnership, dated December 9, 2020 (incorporated by reference to Exhibit 99.1 to the Registrant's Form 8-K, filed on December 15, 2020) (File No. 001-31775)
10.1.10	Amendment No. 9 to Seventh Amended and Restated Agreement of Limited Partnership of Ashford Hospitality Limited Partnership, dated as of July 16, 2021 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on July 16, 2021)
10.1.11	Amendment No. 10 to Seventh Amended and Restated Agreement of Limited Partnership of Ashford Hospitality Limited Partnership, dated as of April 28, 2022 (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed with the SEC on April 29, 2022)
10.1.12	Amendment No. 11 to the Seventh Amended and Restated Agreement of Limited Partnership of Ashford Hospitality Limited Partnership, dated as of September 14, 2022 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on September 14, 2022)
10.2.1†	2011 Stock Incentive Plan of Ashford Hospitality Trust, Inc. dated May 17, 2011 (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K, filed on May 20, 2011, for the event dated May 17, 2011) (File No. 001-31775)
10.2.1.1†	Amendment No. 1 to 2011 Incentive Stock Plan of Ashford Hospitality Trust, Inc., dated May 13, 2014 (incorporated by reference to Exhibit 10.2 of Form 8-K, filed on May 19, 2014) (File No. 001-31775)
10.2.1.2†	Amendment No. 2. to 2011 Incentive Stock Plan of Ashford Hospitality Trust, Inc., dated August 2, 2016 (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K, filed August 8, 2016) (File No.001-31775)
10.2.1.3†	Amendment No. 3 to 2011 Incentive Stock Plan of Ashford Hospitality Trust, Inc., dated May 16, 2017 (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K, filed May 22, 2017) (File No.001-31775)
10.2.1.4†	Amendment No. 4 to 2011 Incentive Stock Plan of Ashford Hospitality Trust, Inc., dated July 15, 2020 (incorporated by reference to Exhibit 10.2 to the Registrant's Form 8-K, filed on July 15, 2020) (File No. 001-31775)
10.2.2.1†	2021 Stock Incentive Plan of Ashford Hospitality Trust, Inc., as amended and restated through May 10, 2022 (incorporated by reference to Exhibit 10.1 to the Registrant's Form S-8, filed on May 11, 2022) (File No. 001-31775)
10.2.2.2†*	Form of 2023 Deferred Cash Award Agreement
10.2.2.3†*	Form of 2023 Performance Stock Unit Award Agreement
10.2.2.4†*	Form of 2023 Performance LTIP Unit Award Agreement
10.2.5†	Second Amended and Restated Employment Agreement, by and among Ashford Inc., Ashford Hospitality Advisors, LLC, and J. Robison Hays, III, dated as of January 4, 2021 (incorporated by reference to Exhibit 99.1 of Form 8-K, filed on January 5, 2021) (File No. 001-31775)
10.3	Non-Compete/Services Agreement, dated as of March 21, 2008, between Ashford Hospitality Trust, Inc. and Archie Bennett, Jr. (incorporated by reference to Exhibit 10.4 of Form 10-K, filed on March 3, 2014) (File No. 001-31775)
10.4	Chairman Emeritus Agreement, dated January 7, 2013, between Ashford Hospitality Trust, Inc. Ashford Hospitality Limited Partnership, and Archie Bennett, Jr. (incorporated by reference to Exhibit 10.1 of Form 8-K filed on January 9, 2013) (File No. 001-31775)
10.5.1	Hotel Management Agreement between Remington Management, L.P. and Ashford TRS companies (incorporated by reference to Exhibit 10.6.1 of Form 10-K, filed on February 28, 2012) (File No. 001-31775)
10.5.2	Hotel Master Management Agreement between Remington Lodging & Hospitality, LLC and PHH TRS Corporation (incorporated by reference to Exhibit 10.6.2 of Form 10-K, filed on February 28, 2012) (File No. 001-31775)
10.6	Form of Lease Agreement between Ashford Hospitality Limited Partnership and Ashford TRS Corporation (incorporated by reference to Exhibit 10.11 of Form S-11/A, filed on July 31, 2003) (File No. 001-31775)
10.7	Indemnity Agreement dated March 10, 2011, between the Registrant and Remington Lodging & Hospitality, LLC (incorporated by reference to Exhibit 10.31 to the Registrant's Form 10-Q, filed on May 10, 2011) (File No. 001-31775)

Exhibit	Description
10.8	Right of First Offer Agreement between Ashford Hospitality Trust, Inc. and Ashford Hospitality Prime, Inc., dated November 19, 2013 (incorporated by reference to Exhibit 10.6 of Form 8-K, filed on November 25, 2013, for the event dated November 19, 2013) (File No. 001-31775)
10.9	Option Agreement Pier House Resort 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 10.7 of Form 8-K, filed on November 25, 2013, for the event dated November 19, 2013) (File No. 001-31775)
10.10	Option Agreement Crystal Gateway Marriott 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 10.8 of Form 8-K, filed on November 25, 2013, for the event dated November 19, 2013) (File No. 001-31775)
10.11	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 10.9 of Form 8-K, filed on November 25, 2013, for the event dated November 19, 2013) (File No. 001-31775)
10.12	Assignment, Assumption and Admission Agreement, dated as of September 10, 2014, by and between Ashford Hospitality Advisors LLC and Monty Bennett, regarding the sale of Class B company interests of AIM Management Holdco, LLC (incorporated by reference to Exhibit 10.3 of Form 8-K, filed on September 10, 2014, for the event dated September 10, 2014) (File No. 001-31775)
10.13	Assignment, Assumption and Admission Agreement, dated as of September 10, 2014, by and between Ashford Hospitality Advisors LLC and Rob Hays, regarding the sale of Class B company interests of AIM Management Holdco, LLC (incorporated by reference to Exhibit 10.4 of Form 8-K, filed on September 10, 2014, for the event dated September 10, 2014) (File No. 001-31775)
10.14	Assignment, Assumption and Admission Agreement, dated as of September 10, 2014, by and between Ashford Hospitality Advisors LLC and Monty Bennett, regarding the sale of Class B limited partnership interests of AIM Performance Holdco, LP (incorporated by reference to Exhibit 10.5 of Form 8-K, filed on September 10, 2014, for the event dated September 10, 2014) (File No. 001-31775)
10.15	Assignment, Assumption and Admission Agreement, dated as of September 10, 2014, by and between Ashford Hospitality Advisors LLC and Rob Hays, regarding the sale of Class B limited partnership interests of AIM Performance Holdco, LP (incorporated by reference to Exhibit 10.6 of Form 8-K, filed on September 10, 2014, for the event dated September 10, 2014) (File No. 001-31775)
10.16	Amended and Restated Limited Liability Company Agreement of Ashford Hospitality Advisors LLC (incorporated by reference to Exhibit 10.1 of Form 8-K, filed on October 15, 2014) (File No. 001-31775)
10.17	Third Amended and Restated Limited Partnership Agreement of AIM Performance Holdco, LP (incorporated by reference to Exhibit 10.1 of Form 8-K, filed on November 6, 2014, for the event dated November 5, 2014) (File No. 001-31775)
10.18	Second Amended and Restated Limited Liability Company Operating Agreement of AIM Management Holdco, LLC (incorporated by reference to Exhibit 10.2 of Form 8-K, filed on November 6, 2014, for the event dated November 5, 2014) (File No. 001-31775)
10.19	Tax Matters Agreement, dated October 31, 2014, between Ashford Inc., Ashford Hospitality Advisors LLC, Ashford Hospitality Trust, Inc. and Ashford Hospitality Limited Partnership (incorporated by reference to Exhibit 10.1 to Form 8-K, filed on November 6, 2014, for the event dated October 31, 2014) (File No. 001-31775)
10.20.1	Amended and Restated Advisory Agreement, dated as of June 10, 2015, by and between Ashford Hospitality Trust, Inc., Ashford Hospitality Limited Partnership, Ashford TRS Corporation, Ashford Inc. and Ashford Hospitality Advisors LLC (incorporated by reference to Exhibit 10.1 of Form 8-K, filed on June 12, 2015) (File No. 001-31775)
10.20.2	Enhanced Return Funding Program Agreement and Amendment No. 1 to the Amended and Restated Advisory Agreement, dated June 26, 2018, among Ashford Hospitality Trust, Inc., Ashford Hospitality Limited Partnership, Ashford TRS Corporation, Ashford Inc. and Ashford Hospitality Advisors LLC, dated June, 26, 2018, incorporated by reference to Exhibit 10.1 of the Company's Form 8-K filed on June 26, 2018 (File No. 001-31775)
10.20.3	Extension Agreement to Enhanced Return Funding Program Agreement and Amendment No. 1 to the Amended and Restated Advisory Agreement, dated March 13, 2020, by and among Ashford Hospitality Trust, Inc., Ashford Hospitality Limited Partnership, Ashford TRS Corporation, Ashford Inc., and Ashford Hospitality Advisors LLC (incorporated by reference to Exhibit 10.2 of Form 8-K filed on March 16, 2020)
10.20.4	Side Letter, dated as of December 16, 2022, by and among, Ashford Hospitality Trust, Inc., Ashford Hospitality Limited Partnership, Ashford TRS Corporation, Ashford Hospitality Advisors LLC and Ashford Inc. (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K, filed on December 21, 2022) (File No. 001-31775)
10.20.5	Second Amended and Restated Advisory Agreement, dated as of January 14, 2021, by and between Ashford Hospitality Trust, Inc., Ashford Hospitality Limited Partnership, Ashford TRS Corporation, Ashford Inc. and Ashford Hospitality Advisors LLC. (incorporated by reference to Exhibit 10.1 of Form 8-K filed on January 15, 2021)
10.20.6	Limited Waiver Under Advisory Agreement, dated as of March 15, 2022, by and among Ashford Hospitality Trust, Inc., Ashford Hospitality Limited Partnership, Ashford TRS Corporation, Ashford Inc., and Ashford Hospitality Advisors LLC (incorporated by reference to Exhibit 10.1 of Form 8-K filed on March 16, 2022)

Exhibit	Description
10.21	Assignment and Assumption Agreement, dated as of November 12, 2014 by and between Ashford Hospitality Trust, Inc., Ashford Hospitality Limited Partnership and Ashford Hospitality Advisors LLC (incorporated by reference to Exhibit 10.2 to Form 8-K, filed on November 18, 2014, for the event dated November 12, 2014) (File No. 001-31775)
10.22	Licensing Agreement, dated as of November 12, 2014 by and between Ashford Hospitality Advisors LLC, Ashford Hospitality Trust, Inc. and Ashford Hospitality Limited Partnership (incorporated by reference to Exhibit 10.3 to Form 8-K, filed on November 18, 2014, for the event dated November 12, 2014) (File No. 001-31775)
10.23	Letter Agreement dated December 14, 2014, between PRISA III Investments, LLC, a Delaware limited liability company and Ashford Hospitality Limited Partnership, a Delaware limited partnership (incorporated by reference to Exhibit 10.1 to Form 8-K, filed on December 19, 2014) (File No. 001-31775)
10.24	Letter Agreement, dated September 17, 2015, by and between Ashford Hospitality Trust, Inc., and Ashford Inc. (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K filed on September 18, 2015) (File No. 001-31775)
10.25	Restricted Stock Award Agreement, dated February 20, 2017, by and between Ashford Hospitality Trust, Inc. and Douglas A. Kessler (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K filed on February 21, 2017) (File No. 001-31775).
10.26	Amended and Restated Employment Agreement, dated as of February 20, 2017, by and among Ashford Inc., Ashford Hospitality Advisors LLC and Douglas A. Kessler (incorporated by reference to Exhibit 10.2 to the Registrant's Form 8-K filed on February 21, 2017) (File No. 001-31775)
10.27	Indemnification Agreement, dated as of February 20, 2017, by and between Ashford Hospitality Trust, Inc. and Douglas A. Kessler (incorporated by reference to Exhibit 10.3 to the Registrant's Form 8-K filed on February 21, 2017) (File No. 001-31775).
10.28	Loan Agreement, dated as of June 13, 2018, between Bank of America, N.A., Barclays Bank PLC and Morgan Stanley Bank, N.A., as lenders, and Ashford Tipton Lakes LP, Ashford Scottsdale LP, Ashford Phoenix Airport LP, Ashford Hawthorne LP, Ashford San Jose LP, Ashford LV Hughes Center LP and Ashford Plymouth Meeting LP, as borrowers (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K filed on June 19, 2018) (File No. 001-31775)
10.29	Senior Mezzanine Loan Agreement, dated June 13, 2018, between Bank of America, N.A., Barclays Bank PLC and Morgan Stanley Mortgage Capital Holdings LLC, as lenders, and Ashford Senior A LLC, as borrower (incorporated by reference to Exhibit 10.2 to the Registrant's Form 8-K filed on June 19, 2018) (File No. 001-31775)
10.30	Loan Agreement, dated June 13, 2018, between Bank of America, N.A., Barclays Bank PLC and Morgan Stanley Bank, N.A., as lenders, and Ashford Newark LP, Ashford BWI Airport LP, Ashford Oakland LP, Ashford Plano-C LP, Ashford Plano-R LP, Ashford Manhattan Beach LP and Ashford Basking Ridge LP as borrowers (incorporated by reference to Exhibit 10.3 to the Registrant's Form 8-K filed on June 19, 2018) (File No. 001-31775)
10.31	Senior Mezzanine Loan Agreement, dated June 13, 2018, between Bank of America, N.A., Barclays Bank PLC and Morgan Stanley Mortgage Capital Holdings LLC, as lenders, and Ashford Senior B LLC, as borrower (incorporated by reference to Exhibit 10.4 to the Registrant's Form 8-K filed on June 19, 2018) (File No. 001-31775)
10.32	Loan Agreement, dated as of June 13, 2018, between Bank of America, N.A., Barclays Bank PLC and Morgan Stanley Bank, N.A., as lenders, and Ashford MV San Diego LP, Ashford Bucks County LLC, New Fort Tower I Hotel Limited Partnership, Ashford Coral Gables LP and Ashford Minneapolis Airport LP, as borrowers (incorporated by reference to Exhibit 10.5 to the Registrant's Form 8-K filed on June 19, 2018) (File No. 001-31775)
10.33	Senior Mezzanine Loan Agreement, dated June 13, 2018, between Bank of America, N.A., Barclays Bank PLC and Morgan Stanley Mortgage Capital Holdings LLC, as lenders, and Ashford Senior C LLC, as borrower (incorporated by reference to Exhibit 10.6 to the Registrant's Form 8-K filed on June 19, 2018) (File No. 001-31775)
10.34	Junior Mezzanine Loan Agreement, dated June 13, 2018, between Bank of America, N.A., Barclays Bank PLC and Morgan Stanley Mortgage Capital Holdings LLC, as lenders, and Ashford Junior C LLC, as borrower (incorporated by reference to Exhibit 10.7 to the Registrant's Form 8-K filed on June 19, 2018) (File No. 001-31775)
10.35	Loan Agreement, dated as of June 13, 2018, between Bank of America, N.A., Barclays Bank PLC and Morgan Stanley Bank, N.A., as lenders, and Ashford Dulles LP, Ashford Santa Fe LP, Ashford Market Center LP, New Beverly Hills Hotel Limited Partnership and Ashford Atlantic Beach LP, as borrowers (incorporated by reference to Exhibit 10.8 to the Registrant's Form 8-K filed on June 19, 2018) (File No. 001-31775)
10.36	Senior Mezzanine Loan Agreement, dated June 13, 2018, between Bank of America, N.A., Barclays Bank PLC and Morgan Stanley Mortgage Capital Holdings LLC, as lenders, and Ashford Senior D LLC, as borrower (incorporated by reference to Exhibit 10.9 to the Registrant's Form 8-K filed on June 19, 2018) (File No. 001-31775)
10.37	Junior Mezzanine Loan Agreement, dated June 13, 2018, between Bank of America, N.A., Barclays Bank PLC and Morgan Stanley Mortgage Capital Holdings LLC, as lenders, and Ashford Junior D LLC, as borrower (incorporated by reference to Exhibit 10.10 to the Registrant's Form 8-K filed on June 19, 2018) (File No. 001-31775)
10.38	Loan Agreement, dated as of June 13, 2018, between Bank of America, N.A., Barclays Bank PLC and Morgan Stanley Bank, N.A., as lenders, and Ashford Memphis LP, Ashford Philly LP, Ashford Anchorage LP, Ashford Lakeway LP and Ashford Fremont LP, as borrowers (incorporated by reference to Exhibit 10.11 to the Registrant's Form 8-K filed on June 19, 2018) (File No. 001-31775)
10.39	Senior Mezzanine Loan Agreement, dated June 13, 2018, between Bank of America, N.A., Barclays Bank PLC and Morgan Stanley Mortgage Capital Holdings LLC, as lenders, and Ashford Senior E LLC, as borrower (incorporated by reference to Exhibit 10.12 to the Registrant's Form 8-K filed on June 19, 2018) (File No. 001-31775)

Exhibit	Description
10.40	Junior Mezzanine Loan Agreement, dated June 13, 2018, between Bank of America, N.A., Barclays Bank PLC and Morgan Stanley Mortgage Capital Holdings LLC, as lenders, and Ashford Junior E LLC, as borrower (incorporated by reference to Exhibit 10.13 to the Registrant's Form 8-K filed on June 19, 2018) (File No. 001-31775)
10.41	Loan Agreement, dated as of June 13, 2018, between Bank of America, N.A., Barclays Bank PLC and Morgan Stanley Bank, N.A., as lenders, and Ashford Downtown Atlanta LP, Ashford Flagstaff LP, Ashford Walnut Creek LP, Ashford Bridgewater Hotel Partnership, LP and Ashford Durham I LLC, as borrowers (incorporated by reference to Exhibit 10.14 to the Registrant's Form 8-K filed on June 19, 2018) (File No. 001-31775)
10.42	Senior Mezzanine Loan Agreement, dated June 13, 2018, between Bank of America, N.A., Barclays Bank PLC and Morgan Stanley Mortgage Capital Holdings LLC, as lenders, and Ashford Senior F LLC, as borrower (incorporated by reference to Exhibit 10.15 to the Registrant's Form 8-K filed on June 19, 2018) (File No. 001-31775)
10.43	Junior Mezzanine Loan Agreement, dated June 13, 2018, between Bank of America, N.A., Barclays Bank PLC and Morgan Stanley Mortgage Capital Holdings LLC, as lenders, and Ashford Junior F LLC, as borrower (incorporated by reference to Exhibit 10.16 to the Registrant's Form 8-K filed on June 19, 2018) (File No. 001-31775)
10.44	Consolidated, Amended and Restated Hotel Master Management Agreement, dated August 8, 2018, by and among Ashford TRS Corporation, RI Manchester Tenant Corporation, CY Manchester Tenant Corporation and Remington Lodging & Hospitality, LLC (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K filed on August 14, 2018) (File No. 001-31775)
10.45	Master Project Management Agreement, dated August 8, 2018, by and among Ashford TRS Corporation, RI Manchester Tenant Corporation, CY Manchester Tenant Corporation, Project Management LLC and Ashford Hospitality Limited Partnership (incorporated by reference to Exhibit 10.2 to the Registrant's Form 8-K filed on August 14, 2018) (File No. 001-31775)
10.46	Amended and Restated Mutual Exclusivity Agreement, dated August 8, 2018, by and among Ashford Hospitality Limited Partnership, Ashford Hospitality Trust, Inc. and Remington Lodging & Hospitality, LLC, as consented to by Monty J. Bennett (incorporated by reference to Exhibit 10.3 to the Registrant's Form 8-K filed on August 14, 2018) (File No. 001-31775)
10.47	Mutual Exclusivity Agreement, dated August 8, 2018, dated August 8, 2018, by and among Ashford Hospitality Limited Partnership, Ashford Hospitality Trust, Inc. and Project Management LLC (incorporated by reference to Exhibit 10.4 to the Registrant's Form 8-K filed on August 14, 2018) (File No. 001-31775)
10.48	Investor Agreement, dated as of January 15, 2021, by and among Ashford Hospitality Trust, Inc., OPPS AHT Holdings, LLC and ROF8 AHT PT, LLC (incorporated by reference to Exhibit 10.2 to the Registrant's Form 8-K, filed on January 15, 2021) (File No. 001-31775)
10.49	Subordination and Non-Disturbance Agreement, dated as of January 15, 2021, by and among Oaktree Fund Administration, LLC as the Administrative Agent and collateral agent on behalf of the Lenders, Ashford Inc., Ashford Hospitality Advisors LLC, Ashford Hospitality Trust, Inc., Ashford Hospitality Limited Partnership, Ashford TRS Corporation, Remington Lodging & Hospitality, LLC, Premier Project Management, LLC and Lismore Capital II LLC (incorporated by reference to Exhibit 10.3 to the Registrant's Form 8-K, filed on January 15, 2021) (File No. 001-31775)
10.50	Credit Agreement, dated as of January 15, 2021, by and among Ashford Hospitality Trust, Inc., Ashford Hospitality Limited Partnership, OPPS AHT Holdings, LLC, ROF8 AHT PT, LLC, Oaktree Phoenix Investment Fund AIF (Delaware), L.P., and Oaktree Fund Administration, LLC, as administrative agent (incorporated by reference to Exhibit 10.1 of Form 8-K filed on January 15, 2021) (File No. 001-31775)
10.51	Amendment No. 1 to the Credit Agreement, dated as of October 12, 2021, by and among Ashford Hospitality Trust, Inc., Ashford Hospitality Limited Partnership, OPPS AHT Holdings, LLC, ROF8 AHT PT, LLC, The Lenders Phoenix Investment Fund AIF (Delaware), L.P., and Oaktree Fund Administration, LLC, as administrative agent. (incorporated by reference to Exhibit 10.2 to the Registrant's Form 8-K, filed on October 13, 2021) (File No. 001-31775)
10.52	Limited Waiver to Credit Agreement, dated as of November 19, 2021, by and among Ashford Hospitality Trust, Inc., Ashford Hospitality Limited Partnership, the guarantors party thereto, the Lenders party thereto and Oaktree Fund Administration, LLC, as administrative agent. (incorporated by reference to Exhibit 10.3 to the Registrant's Form 8-K, filed on November 23, 2021) (File No. 001-31775)
10.53	Common Stock Purchase Agreement, dated as of September 9, 2021, by and between the Company and M3A LP. (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K, filed on September 9, 2021) (File No. 001-31775)
10.54	Registration Rights Agreement, dated as of September 9, 2021, by and between the Company and M3A LP (incorporated by reference to Exhibit 10.2 to the Registrant's Form 8-K, filed on September 9, 2021) (File No. 001-31775)
10.55	Agreement of Purchase and Sale, dated as of December 16, 2022, by and between Ashford Hospitality Limited Partnership and Ashford Hospitality Advisors LLC (incorporated by reference to Exhibit 10.2 to the Registrant's Form 8-K, filed on December 21, 2022) (File No. 001-31775)
10.56	Form of Equity Distribution Agreement, dated April 11, 2022, by and between the Company and Virtu Americas LLC (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K, filed on April 11, 2022) (File No. 00131775)
21.1*	Registrant's Subsidiaries Listing as of December 31, 2022
21.2*	Registrant's Special-Purpose Entities Listing as of December 31, Registrant's Special-Purpose Entities Listing as of December 31, 2022

Exhibit	Description
23.1*	Consent of BDO USA, LLP
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.)
99.1	Second Amended and Restated Employment Agreement, by and among Ashford Inc., Ashford Hospitality Advisors, LLC, and J. Robison Hays, III, dated as of January 4, 2021 (incorporated by reference to Exhibit 99.1 of Form 8-K, filed on January 5, 2021)(File No. 001-31775)
99.2	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)

The following materials from the Company's Annual Report on Form 10-K for the year ended December 31, 2022 are formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Balance Sheets; (ii) Consolidated Statements of Operations; (iii) Consolidated Statements of Comprehensive Income (Loss); (iii) Consolidated Statements of Equity (Deficit); (iv) Consolidated Statements of Cash Flows; and (v) 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 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)	

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* Filed herewith.

** Furnished herewith.

† Management contract or compensatory plan or arrangement.

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 10, 2023.

ASHFORD HOSPITALITY TRUST, INC.

By: /s/ J. ROBISON HAYS, III
J. Robison Hays, III
President and Chief Executive Officer

Pursuant to the requirements 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 10, 2023
/s/ J. ROBISON HAYS, III J. Robison Hays, III	President and Chief Executive Officer (Principal Executive Officer)	March 10, 2023
/s/ DERIC S. EUBANKS Deric S. Eubanks	Chief Financial Officer (Principal Financial Officer)	March 10, 2023
/s/ MARK L. NUNNELEY Mark L. Nunneley	Chief Accounting Officer (Principal Accounting Officer)	March 10, 2023
/s/ BENJAMIN J. ANSELL, M.D. Benjamin J. Ansell, M.D.	Director	March 10, 2023
/s/ FREDERICK J. KLEISNER Frederick J. Kleisner	Director	March 10, 2023
/s/ AMISH GUPTA Amish Gupta	Director	March 10, 2023
/s/ KAMAL JAFARNIA Kamal Jafarnia	Director	March 10, 2023
/s/ SHERI L. PANTERMUEHL Sheri L. Pantermuehl	Director	March 10, 2023
/s/ ALAN L. TALLIS Alan L. Tallis	Director	March 10, 2023

SCHEDULE III

ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES
REAL ESTATE AND ACCUMULATED DEPRECIATION
December 31, 2022
(dollars 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 [6]						
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
Embassy Suites	Austin, TX	$ 23,141	$ 1,204	$ 9,388	$ 193	$ 4,987	$ 1,397	$ 14,375	$ 15,772	$ 8,622	08/1998		(1), (2), (3)
Embassy Suites	Dallas, TX	15,317	1,878	8,907	238	5,824	2,116	14,731	16,847	8,640	12/1998		(1), (2), (3)
Embassy Suites	Herndon, VA	25,120	1,303	9,836	277	5,747	1,580	15,583	17,163	9,636	12/1998		(1), (2), (3)
Embassy Suites	Las Vegas, NV	29,993	3,307	16,952	397	6,606	3,704	23,558	27,262	15,106	05/1999		(1), (2), (3)
Embassy Suites	Flagstaff, AZ	18,400	1,267	4,278	—	2,750	1,267	7,028	8,295	3,001		10/2003	(1), (2), (3)
Embassy Suites	Houston, TX	17,640	1,799	10,404	—	3,856	1,799	14,260	16,059	7,238		03/2005	(1), (2), (3)
Embassy Suites	West Palm Beach, FL	19,613	3,277	13,949	—	4,111	3,277	18,060	21,337	8,283		03/2005	(1), (2), (3)
Embassy Suites	Philadelphia, PA	28,698	5,791	34,819	—	11,171	5,791	45,990	51,781	23,157		12/2006	(1), (2), (3)
Embassy Suites	Walnut Creek, CA	49,920	7,452	25,334	—	13,865	7,452	39,199	46,651	19,673		12/2006	(1), (2), (3)
Embassy Suites	Arlington, VA	46,355	36,065	41,588	—	16,267	36,065	57,855	93,920	27,872		04/2007	(1), (2), (3)
Embassy Suites	Portland, OR	88,435	11,110	60,048	—	5,564	11,110	65,612	76,722	26,738		04/2007	(1), (2), (3)
Embassy Suites	Santa Clara, CA	67,440	8,948	46,239	—	10,428	8,948	56,667	65,615	25,436		04/2007	(1), (2), (3)
Embassy Suites	Orlando, FL	22,526	5,674	21,593	—	6,549	5,674	28,142	33,816	12,782		04/2007	(1), (2), (3)
Hilton Garden Inn	Jacksonville, FL	11,644	1,751	9,164	—	2,518	1,751	11,682	13,433	6,101		11/2003	(1), (2), (3)
Hilton Garden Inn	Austin, TX	66,257	7,605	48,725	—	1,379	7,605	50,104	57,709	11,944		03/2015	(1), (2), (3)
Hilton Garden Inn	Baltimore, MD	16,218	4,027	20,199	—	5,902	4,027	26,101	30,128	8,819		03/2015	(1), (2), (3)
Hilton Garden Inn	Virginia Beach, VA	32,140	4,101	26,329	—	513	4,101	26,842	30,943	5,622		03/2015	(1), (2), (3)
Hilton	Ft. Worth, TX	62,000	4,538	13,922	—	19,109	4,539	33,031	37,570	17,504		03/2005	(1), (2), (3)
Hilton	Houston, TX	19,759	2,200	13,247	—	6,063	2,200	19,309	21,509	9,706		03/2005	(1), (2), (3)
Hilton	St. Petersburg, FL	48,264	2,991	13,907	(1,130)	14,321	1,861	28,228	30,089	12,850		03/2005	(1), (2), (3)
Hilton	Santa Fe, NM	26,400	7,004	10,689	—	4,135	7,004	14,824	21,828	7,470		12/2006	(1), (2), (3)
Hilton	Bloomington, MN	46,800	5,685	59,139	—	6,881	5,685	66,020	71,705	28,607		04/2007	(1), (2), (3)
Hilton	Costa Mesa, CA	65,672	12,917	91,791	—	9,602	12,917	101,393	114,310	42,990		04/2007	(1), (2), (3)
Hilton	Boston, MA	98,000	62,555	134,407	—	6,935	62,555	141,342	203,897	33,568		03/2015	(1), (2), (3)
Hilton	Parsippany, NJ	38,073	7,293	58,098	—	3,593	7,293	61,691	68,984	17,421		03/2015	(1), (2), (3)
Hilton	Tampa, FL	27,442	5,206	21,186	—	6,186	5,206	27,372	32,578	10,890		03/2015	(1), (2), (3)
Hilton	Alexandria, VA	73,450	14,459	96,602	—	1,710	14,459	98,312	112,771	12,629		06/2018	(1), (2), (3)
Hilton	Santa Cruz, CA	23,326	9,399	38,129	—	1,389	9,399	39,518	48,917	5,038		02/2019	(1), (2), (3)
Hampton Inn	Lawrenceville, GA	5,140	697	3,808	—	1,755	697	5,563	6,260	2,930		11/2003	(1), (2), (3)
Hampton Inn	Evansville, IN	11,012	1,301	5,034	—	4,448	1,301	9,482	10,783	3,268		09/2004	(1), (2), (3)
Hampton Inn	Parsippany, NJ	18,641	3,268	24,306	—	(135)	3,268	24,171	27,439	5,374		03/2015	(1), (2), (3)
Hampton Inn	Buford, GA	8,186	1,168	5,338	—	4,275	1,168	9,613	10,781	5,343		07/2004	(1), (2), (3)
Marriott	Beverly Hills, CA	123,120	6,510	22,061	—	4,655	6,510	26,716	33,226	13,379		03/2005	(1), (2), (3)
Marriott	Durham, NC	26,800	1,794	25,056	—	12,015	1,794	37,071	38,865	18,238		02/2006	(1), (2), (3)

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 [6]						
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
Marriott	Arlington, VA	85,552	20,637	101,376	—	31,481	20,637	132,857	153,494	66,355		07/2006	(1), (2), (3)
Marriott	Bridgewater, NJ	71,200	5,059	89,268	—	17,826	5,059	107,094	112,153	46,064		04/2007	(1), (2), (3)
Marriott	Dallas, TX	30,400	2,701	30,893	—	6,291	2,701	37,184	39,885	16,654		04/2007	(1), (2), (3)
Marriott	Fremont, CA	58,402	5,800	44,200	—	16,176	5,800	60,376	66,176	16,094		08/2014	(1), (2), (3)
Marriott	Memphis, TN	27,041	6,210	37,284	—	(2,645)	6,210	34,639	40,849	7,435		02/2015	(1), (2), (3)
Marriott	Irving, TX	66,653	8,330	82,272	—	30,693	8,330	112,965	121,295	38,696		03/2015	(1), (2), (3)
Marriott	Omaha, NE	15,847	6,641	49,887	—	8,670	6,641	58,557	65,198	16,873		03/2015	(1), (2), (3)
Marriott	Sugarland, TX	62,302	9,047	84,043	—	138	9,047	84,181	93,228	18,274		03/2015	(1), (2), (3)
SpringHill Suites by Marriott	Baltimore, MD	13,600	2,502	13,206	—	2,280	2,502	15,486	17,988	7,719		05/2004	(1), (2), (3)
SpringHill Suites by Marriott	Kennesaw, GA	6,261	1,106	5,021	—	1,649	1,106	6,670	7,776	3,426		07/2004	(1), (2), (3)
SpringHill Suites by Marriott	Buford, GA	9,022	1,132	6,089	—	4,492	1,132	10,581	11,713	3,440		07/2004	(1), (2), (3)
SpringHill Suites by Marriott	Manhattan Beach, CA	28,560	5,726	21,187	—	1,296	5,726	22,483	28,209	9,248		04/2007	(1), (2), (3)
SpringHill Suites by Marriott	Plymouth Meeting, PA	20,800	3,210	24,578	—	1,592	3,210	26,170	29,380	10,713		04/2007	(1), (2), (3)
Fairfield Inn by Marriott	Kennesaw, GA	4,911	840	4,359	(21)	2,514	819	6,873	7,692	3,638		07/2004	(1), (2), (3)
Courtyard by Marriott	Bloomington, IN	14,112	900	10,741	—	1,479	900	12,220	13,120	5,919		09/2004	(1), (2), (3)
Courtyard by Marriott - Tremont	Boston, MA	102,451	24,494	85,246	—	4,028	24,494	89,274	113,768	22,973		03/2015	(1), (2), (3)
Courtyard by Marriott	Columbus, IN	8,160	673	4,804	—	1,260	673	6,064	6,737	2,867		09/2004	(1), (2), (3)
Courtyard by Marriott	Denver, CO	33,376	9,342	29,656	—	1,855	9,342	31,511	40,853	8,686		03/2015	(1), (2), (3)
Courtyard by Marriott	Gaithersburg, MD	28,580	5,128	30,522	—	1,885	5,128	32,407	37,535	8,216		03/2015	(1), (2), (3)
Courtyard by Marriott	Crystal City, VA	42,132	5,411	38,610	—	8,301	5,411	46,911	52,322	22,524		06/2005	(1), (2), (3)
Courtyard by Marriott	Overland Park, KS	8,206	1,868	14,030	—	2,156	1,868	16,186	18,054	7,774		06/2005	(1), (2), (3)
Courtyard by Marriott	Foothill Ranch, CA	21,528	2,447	16,005	—	1,730	2,447	17,735	20,182	8,253		06/2005	(1), (2), (3)
Courtyard by Marriott	Alpharetta, GA	19,477	2,244	12,345	—	2,016	2,244	14,361	16,605	6,462		06/2005	(1), (2), (3)
Courtyard by Marriott	Oakland, CA	28,240	5,112	19,429	—	1,841	5,112	21,270	26,382	8,965		04/2007	(1), (2), (3)
Courtyard by Marriott	Scottsdale, AZ	23,600	3,700	22,134	—	2,724	3,700	24,858	28,558	10,299		04/2007	(1), (2), (3)
Courtyard by Marriott	Plano, TX	18,160	2,115	22,360	—	2,123	2,115	24,483	26,598	9,784		04/2007	(1), (2), (3)
Courtyard by Marriott	Newark, CA	34,960	2,863	10,723	—	2,129	2,863	12,852	15,715	4,868		04/2007	(1), (2), (3)
Courtyard by Marriott	Manchester, CT	5,819	1,301	7,430	—	1,034	1,301	8,464	9,765	3,782		04/2007	(1), (2), (3)
Courtyard by Marriott	Basking Ridge, NJ	41,600	5,419	45,304	—	3,673	5,419	48,977	54,396	20,099		04/2007	(1), (2), (3)
Marriott Residence Inn	Evansville, IN	7,756	961	5,972	—	896	960	6,869	7,829	3,438		09/2004	(1), (2), (3)
Marriott Residence Inn	Orlando, FL	23,970	6,554	40,539	—	13,045	6,554	53,584	60,138	26,643		06/2005	(1), (2), (3)
Marriott Residence Inn	Falls Church, VA	25,901	2,752	34,979	—	4,736	2,752	39,715	42,467	17,993		06/2005	(1), (2), (3)
Marriott Residence Inn	San Diego, CA	29,001	3,156	29,514	—	2,036	3,156	31,550	34,706	14,473		06/2005	(1), (2), (3)
Marriott Residence Inn	Salt Lake City, UT	14,741	1,897	16,357	—	3,144	1,897	19,501	21,398	8,637		06/2005	(1), (2), (3)
Marriott Residence Inn	Las Vegas, NV	38,160	18,177	39,568	(6,184)	(15,959)	11,993	23,609	35,602	6,244		04/2007	(1), (2), (3), (4)
Marriott Residence Inn	Phoenix, AZ	23,680	4,100	23,187	—	7,428	4,100	30,615	34,715	10,601		04/2007	(1), (2), (3)
Marriott Residence Inn	Plano, TX	14,160	2,045	16,869	—	1,321	2,045	18,190	20,235	7,425		04/2007	(1), (2), (3)
Marriott Residence Inn	Newark, CA	37,760	3,272	11,706	—	2,224	3,272	13,930	17,202	5,670		04/2007	(1), (2), (3)
Marriott Residence Inn	Manchester, CT	6,345	1,462	8,306	—	1,023	1,462	9,329	10,791	4,235		04/2007	(1), (2), (3)

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 [6]						
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
Marriott Residence Inn	Jacksonville, FL	9,261	1,997	16,084	—	6,798	1,997	22,882	24,879	11,241		05/2007	(1), (2), (3)
Tribute Portfolio	Santa Fe, NM	25,000	8,094	42,058	—	2,590	8,094	44,648	52,742	6,083		10/2018	(1), (2), (3)
TownePlace Suites by Marriott	Manhattan Beach, CA	23,680	4,805	17,543	—	2,634	4,805	20,177	24,982	8,653		04/2007	(1), (2), (3)
Ritz-Carlton	Atlanta, GA	97,902	2,477	80,139	—	23,224	2,477	103,363	105,840	32,728		03/2015	(1), (2), (3)
One Ocean	Atlantic Beach, FL	57,600	5,815	14,817	—	19,860	5,815	34,677	40,492	24,901		04/2004	(1), (2), (3)
Renaissance	Nashville, TN	207,000	20,671	158,260	—	33,436	20,671	191,696	212,367	53,669		03/2015	(1), (2), (3)
Renaissance	Palm Springs, CA	51,522	—	74,112	—	5,906	—	80,018	80,018	20,733		03/2015	(1), (2), (3)
Sheraton Hotel	Langhorne, PA	12,880	2,037	12,424	—	3,231	2,037	15,655	17,692	7,920		07/2004	(1), (2), (3)
Sheraton Hotel	Minneapolis, MN	20,933	2,953	14,280	—	2,179	2,953	16,459	19,412	7,968		03/2005	(1), (2), (3)
Sheraton Hotel	Indianapolis, IN	58,712	3,100	22,041	—	10,816	3,100	32,857	35,957	16,942		03/2005	(1), (2), (3)
Sheraton Hotel	Anchorage, AK	26,331	4,023	39,363	—	14,096	4,023	53,459	57,482	26,974		12/2006	(1), (2), (3)
Sheraton Hotel	San Diego, CA	36,160	7,294	36,382	—	3,225	7,294	39,607	46,901	17,084		12/2006	(1), (2), (3)
Hyatt Regency	Coral Gables, FL	63,200	4,805	50,820	—	22,368	4,805	73,188	77,993	35,660		04/2007	(1), (2), (3)
Hyatt Regency	Hauppauge, NY	36,095	6,284	35,669	—	486	6,284	36,155	42,439	11,630		03/2015	(1), (2), (3)
Hyatt Regency	Savannah, GA	69,224	14,041	72,721	—	7,546	14,041	80,267	94,308	20,738		03/2015	(1), (2), (3)
Crown Plaza	Key West, FL	64,982	—	27,514	—	7,747	—	35,261	35,261	14,876		03/2005	(1), (2), (3)
Annapolis Historic Inn	Annapolis, MD	18,658	3,028	7,833	—	3,746	3,028	11,579	14,607	6,261		03/2005	(1), (2), (3)
Lakeway Resort & Spa	Austin, TX	19,527	4,541	28,940	—	2,587	4,541	31,527	36,068	10,473		02/2015	(1), (2), (3)
Silversmith	Chicago, IL	27,739	4,782	22,398	—	(1,743)	4,782	20,655	25,437	5,601		03/2015	(1), (2), (3)
The Churchill	Washington, DC	41,114	25,898	32,304	—	8,115	25,897	40,420	66,317	13,521		03/2015	(1), (2), (3)
The Melrose	Washington, DC	75,454	29,277	62,507	—	(846)	29,277	61,661	90,938	13,501		03/2015	(1), (2), (3)
Le Pavillon	New Orleans, LA	37,000	10,933	51,549	(2,601)	11,494	8,332	63,043	71,375	17,850		06/2015	(1), (2), (3)
The Ashton	Ft. Worth, TX	8,881	800	7,187	—	798	800	7,985	8,785	2,134		07/2014	(1), (2), (3)
Westin	Princeton, NJ	33,000	6,475	52,195	—	7,027	6,475	59,222	65,697	17,130		03/2015	(1), (2), (3)
W	Atlanta, GA	48,800	2,353	54,383	—	4,042	2,353	58,425	60,778	14,974		07/2015	(1), (2), (3)
Atlanta Hotel Indigo	Atlanta, GA	15,290	3,230	23,713	—	4,569	3,230	28,282	31,512	8,072		10/2015	(1), (2), (3)
WorldQuest	Orlando, FL	—	1,432	9,870	(121)	252	1,311	10,122	11,433	3,376		03/2011	(1), (2), (3)
Total[5]		$ 3,639,313	$ 633,023	$ 3,301,577	$ (8,952)	$ 601,738	$ 624,070	$ 3,903,316	$ 4,527,386	$ 1,428,027			

(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) Amounts include impairment charges.

(5) Hilton Marietta is not included in this schedule as it is operated through a lease.

(6) The cost of land and depreciable property, net of accumulated depreciation, for U.S. federal income tax purposes was approximately $2.9 billion as of December 31, 2022.

	Year Ended December 31,		
	2022	2021	2020
Investment in Real Estate:			
Beginning balance	$ 4,663,153	$ 4,798,605	$ 5,444,259
Additions	106,246	40,789	35,712
Impairment/write-offs	(195,736)	(151,753)	(254,475)
Sales/disposals	(46,277)	(24,488)	(426,891)
Ending balance	$ 4,527,386	$ 4,663,153	$ 4,798,605
Accumulated Depreciation:			
Beginning balance	1,432,443	1,371,623	1,335,816
Depreciation expense	201,900	219,112	252,873
Impairment/write-offs	(195,736)	(151,753)	(162,754)
Sales/disposals	(10,580)	(6,539)	(54,312)
Ending balance	$ 1,428,027	$ 1,432,443	$ 1,371,623
Investment in Real Estate, net	$ 3,099,359	$ 3,230,710	$ 3,426,982

Officers and Directors

OFFICERS

J. Robison Hays III
Chief Executive Officer
& President

Deric S. Eubanks
Chief Financial Officer and Treasurer

Mark L. Nunneley
Chief Accounting Officer

Alex Rose
Executive Vice President,
General Counsel & Secretary

BOARD OF DIRECTORS

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Chairman and Founder of UCLA Executive Health Program; Founder and Director of UCLA Medical Hospitality

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Sheri L. Pantermuehl
Chief Financial Officer
Alan Ritchey, Inc

Alan L. Tallis
Principal
Alan L. Tallis & Associates

CHAIRMAN EMERITUS

Archie Bennett, Jr.

Corporate Information

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www.ahtreit.com

Registrar and Transfer Agent
Computershare Trust Company, N.A.
Canton, Massachusetts

Independent Auditors
BDO USA, LLP
Dallas, Texas

Legal Counsel
Cadwalader, Wickersham & Taft, LLP
New York, New York

Annual Report on Form 10-K/Investor Contact
A copy of the Ashford Hospitality Trust Annual Report on Form 10-K for fiscal 2022, was filed with the Securities and Exchange Commission on March 10, 2023 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.

Annual Meeting
The annual meeting of shareholders will be held on Tuesday, May 9, 2023, at 9:00 a.m. MST at the Four Seasons Resort Scottsdale at Troon North 10600 East Crescent Moon Drive, Scottsdale, AZ 85262-8342.
Shareholders of record as of the close of business on March 10, 2023 will be entitled to vote at this meeting.

Forward-Looking Statements
This report contains forward-looking statements within the meaning of the federal securities laws. Ashford Hospitality Trust, 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.

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