# ASHFORD
## HOSPITALITY TRUST

November 2018

# Forward Looking Statements and Non-GAAP Measures

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

These forward-looking statements are subject to known and unknown risks and uncertainties, which could cause actual results to differ materially from those anticipated including, without limitation: general volatility of the capital markets and the market price of our common stock; changes in our business or investment strategy; availability, terms and deployment of capital; availability of qualified personnel; changes in our industry and the market in which we operate, interest rates or the general economy, and the degree and nature of our competition. These and other risk factors are more fully discussed in the company's filings with the Securities and Exchange Commission.

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

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



# Strategy

***Opportunistically own, finance, and asset manage predominately full–service, upper upscale hotels***

# Goals

**OUTPERFORM**
Deliver strong shareholder returns vs. peers

**PROTECT**
Protect shareholder investment through disciplined capital management strategies

**GROW**
Increase the quality and performance of our portfolio through financially calibrated sales, acquisitions and proactive asset management

**SUCCEED**
Utilize competitive advantage through the Enhanced Return Funding Program

**ALIGN**
Maintain alignment with shareholders through high insider ownership

Experienced

# Management Team



**Jeremy Welter**

*Chief Operating Officer*

- 13 years of hospitality experience
- 8 years with Ashford (5 years with predecessor)
- 5 years with Stephens Investment Bank
- Oklahoma State University, BS



**Deric Eubanks**

*Chief Financial Officer*

- 18 years of hospitality experience
- 15 years with Ashford
- 3 years with ClubCorp
- CFA charterholder
- Southern Methodist University, BBA



**Douglas Kessler**

*Chief Executive Officer/President*

- 34 years of real estate & hospitality experience
- 15 years with Ashford
- 10 years with Goldman Sachs
- 5 years with Trammell Crow
- Stanford University, BA
- Stanford University, MBA



**J. Robison Hays**

*Chief Strategy Officer*

- 13 years of hospitality experience
- 13 years with Ashford
- 3 years of M&A experience at Dresser Inc. & Merrill Lynch
- Princeton University, AB



**Robert Haiman**

*EVP, General Counsel*

- 15 years of hospitality experience
- 1 year with Ashford (14 years with Ashford predecessor)
- Amherst College, BA
- Duke University, JD



Reasons to Own

# Ashford Hospitality Trust

### PORTFOLIO QUALITY

High quality portfolio presents an attractive investment opportunity

### STRATEGIC FOCUS

Strategy maximizes investment opportunity and value-added returns

### ERFP PROGRAM

Innovative program provides a competitive advantage relative to peers

### HIGH DIVIDEND YIELD

One of the highest dividend yields in the industry

### ASSET MANAGEMENT

Best-in-class asset management generates value-add opportunities

### TRACK RECORD

Disciplined capital management that enhances shareholder value

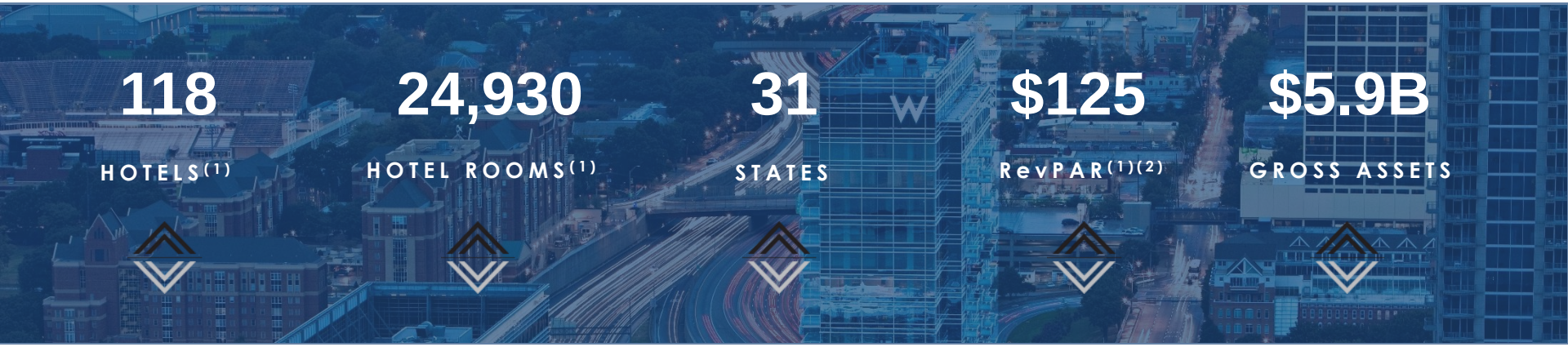
### AFFILIATE ADVANTAGES

Affiliate companies offer more value and control in other parts of the business

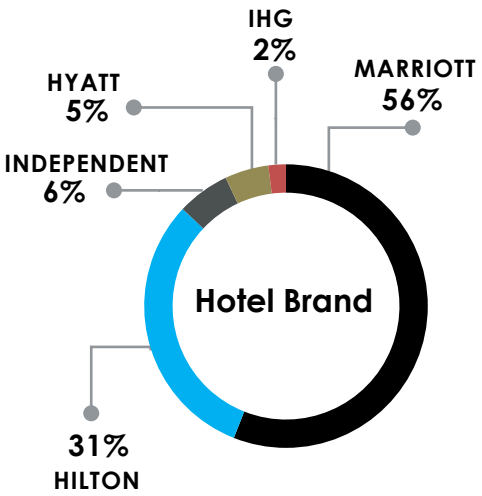
### INSIDER OWNERSHIP

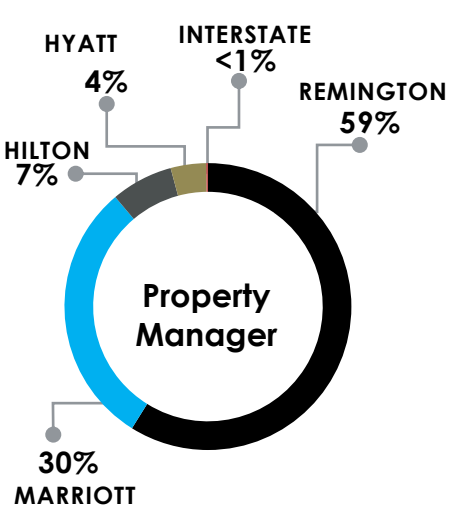
Highest insider ownership among peers creates shareholder-management alignment

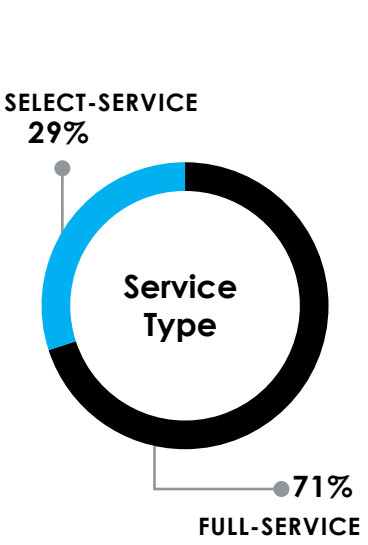
# Portfolio Overview

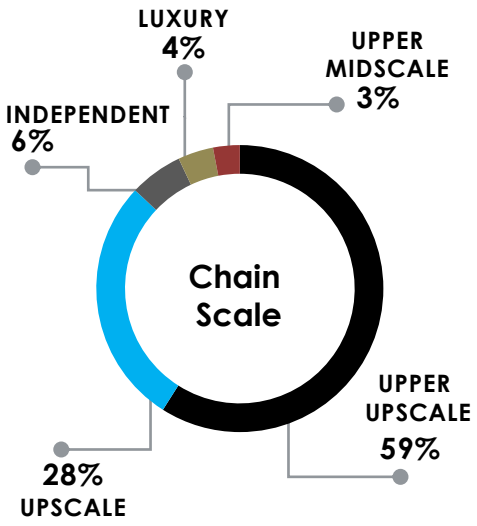



## Portfolio by Hotel EBITDA(1)(2)



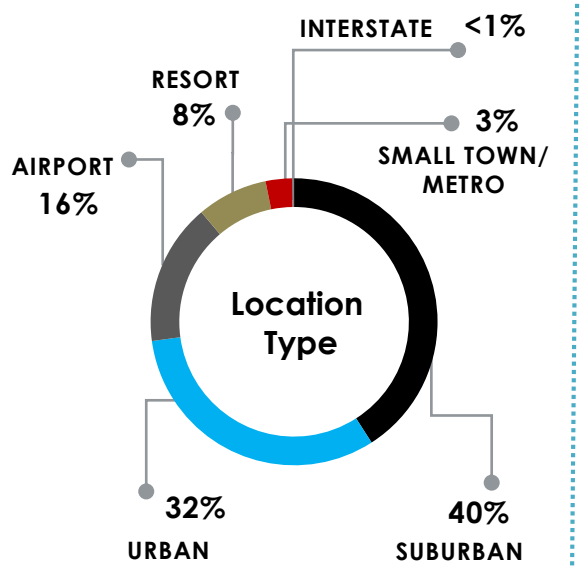



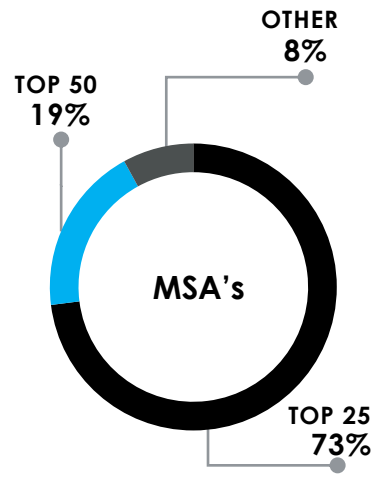

(1) As of September 30, 2018, excludes WorldQuest
(2) TTM as of September 30, 2018

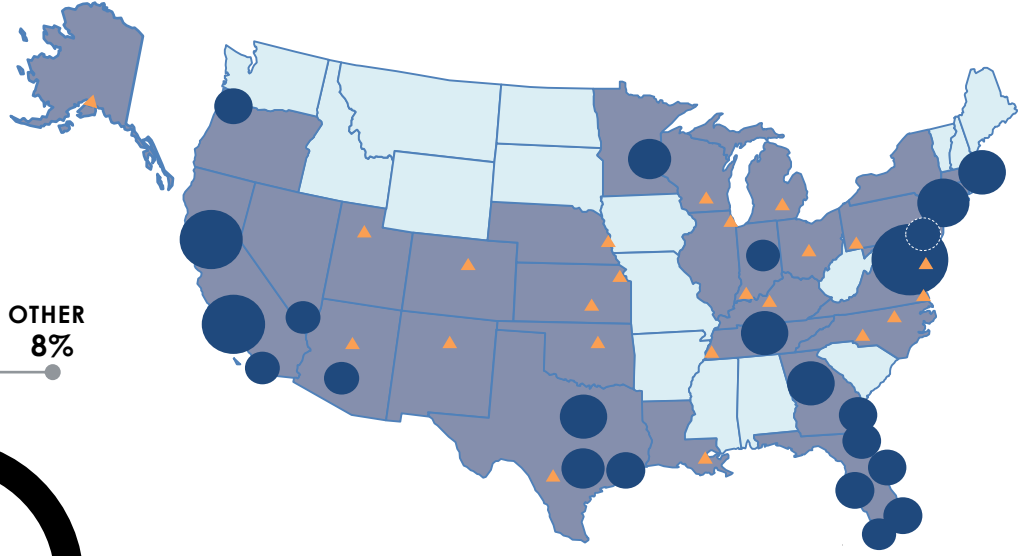
Portfolio Position

# Geographically Diverse

## Portfolio by Hotel EBITDA[1][2]



| Top 10 Markets | TTM Q3 2018 EBITDA[3] | % of Total |
|---|---|---|
| Washington DC | $50,313 | *10.8%* |
| San Fran/Oakland, CA | $36,170 | *7.7%* |
| Los Angeles, CA | $33,403 | *7.1%* |
| New York/New Jersey | $30,944 | *6.6%* |
| DFW, TX | $27,055 | *5.8%* |
| Boston, MA | $25,146 | *5.4%* |
| Atlanta, GA | $25,025 | *5.3%* |
| Nashville, TN | $23,766 | *5.1%* |
| Minn./St. Paul, MN | $14,362 | *3.1%* |
| Austin, TX | $13,068 | *2.8%* |
| Other Areas | $188,372 | *40.3%* |
| **Total** | **$467,624** | **100%** |

(1) As of September 30, 2018, excludes WorldQuest
(2) TTM as of September 30, 2018
(3) In thousands

▲ Represents <1% EBITDA contribution

● Represents >1% EBITDA contribution

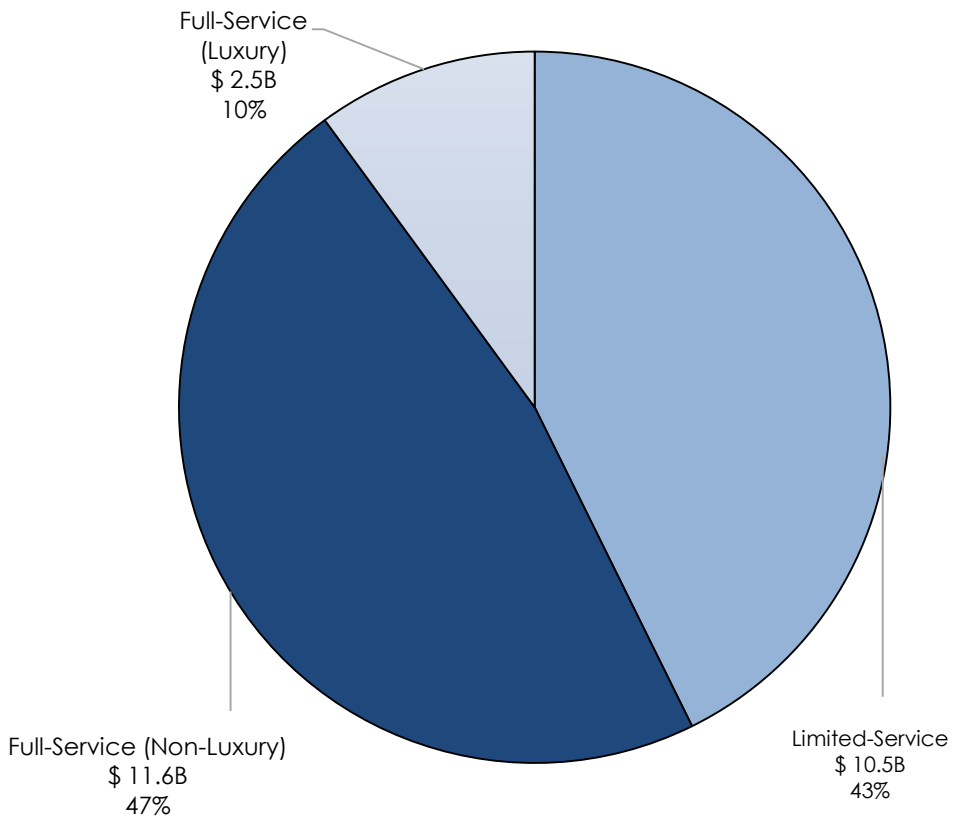




Strategic Rationale

# Full-Service & Upper Upscale

## 2017 DEAL FLOW[1]




## VALUE-ADD

39%

OF TOTAL UPPER UPSCALE ROOMS ARE FRANCHISED[2]

## YIELD

6.5% - 8.5%

ESTIMATED CAP RATES

(1) 2017 Hotel Transactions from Real Capital Analytics
(2) Estimate based upon MAR, HLT, H, and IHG branded rooms




Maximize Value

# Enhanced Return Funding Program

- $50M ERFP commitment from Ashford Inc.
- 2 year term
- Up to 10% of purchase price
- Funding comes in form of purchased FF&E
- Potential to upsize to $100M by mutual agreement

| |
|---|
| $50M ERFP Allocation(1) |
| $100M AHT Equity |
| $350M Mortgage Debt Plus Allocated Corporate Preferred |

## GOALS

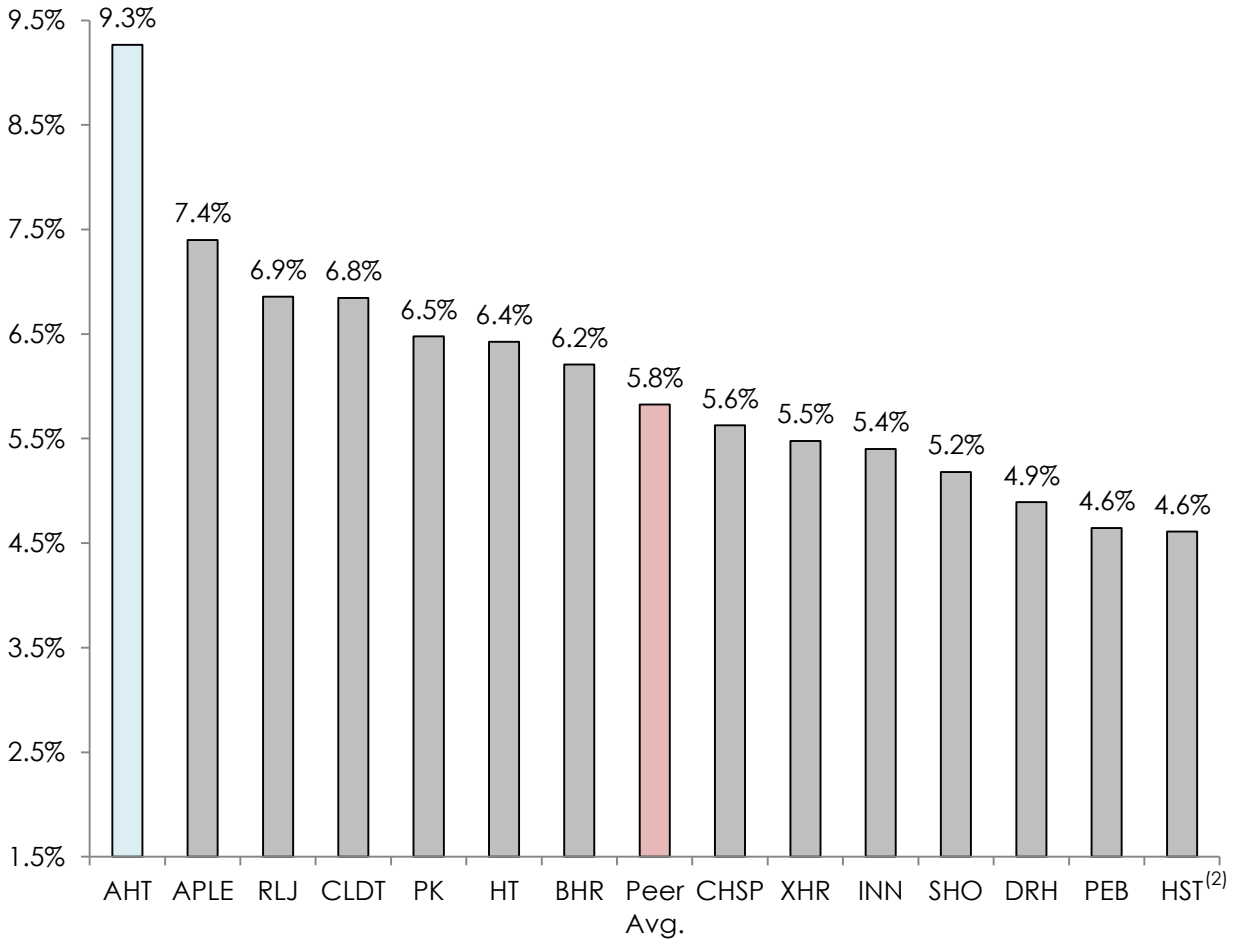
- **Enhance overall shareholder returns**
- **Apply towards $500M new acquisitions**
- **Increase underwritten IRRs to exceed 20%(2)**
- **Target 33% reductions in required equity** capital for each new AHT asset acquisition(1)
- **Significant AHT advantage** vs. competing market bids

(1) Assuming 10% ERFP commitment funded immediately at acquisition
(2) Assumes equity, property debt, corporate preferred and ERFP contribution (at end of year 1)



Attractive

# Dividend Yield[1]




Source: Bloomberg
(1) As of October 26, 2018, annualized based on most recent dividend announcement
(2) Includes recent special cash
Peer Avg. Includes: BHR, APLE, CLDT, PK, CHSP, HT, RLJ, XHR, DRH, PEB, HST, INN, SHO

Relative to Peers

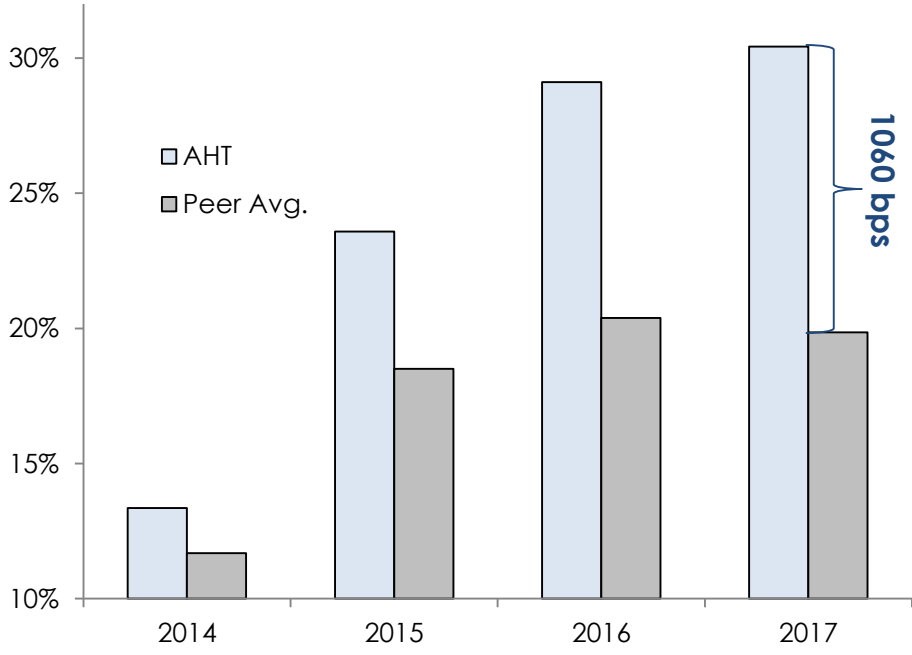
# Hotel EBITDA Performance

## Hotel EBITDA % Change

| | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|
| AHT | 13.3% | 9.0% | 4.5% | 1.0% |
| Peer Avg. | 11.7% | 6.1% | 1.6% | -0.4% |

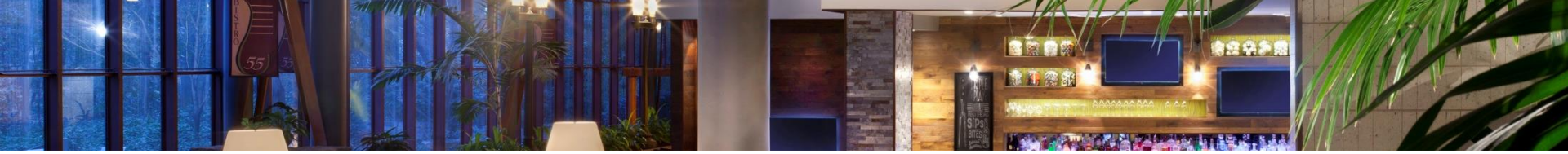
**4 Straight Years of Outperformance**

## Cumulative Hotel EBITDA Growth




Peer group: CHSP, DHR, HT, HST, LHO, RLJ, PK, PEB, XHR, SHO
Note: comparable results as reported





Track Record

# Disciplined Capital Management

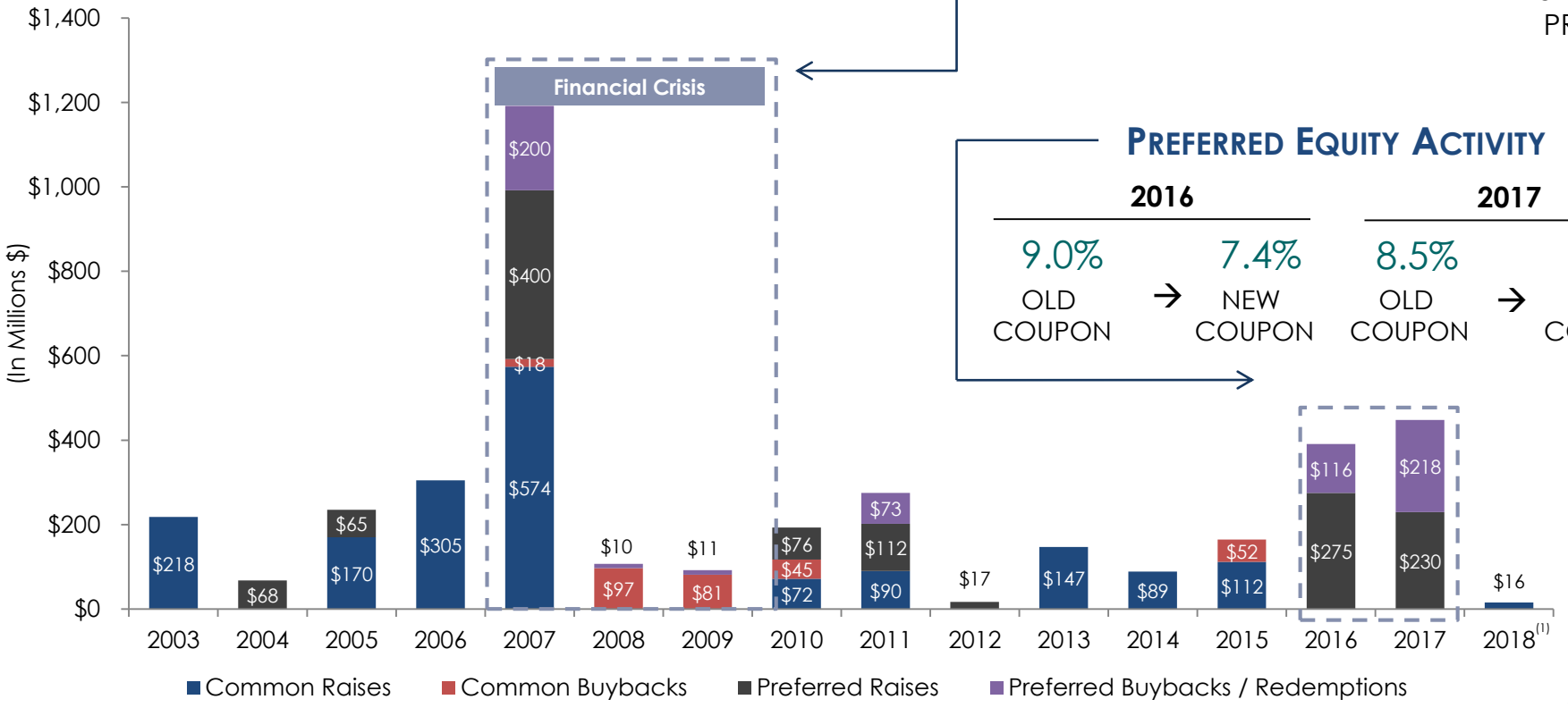
Track record of **enhancing shareholder returns** by capitalizing upon cyclical changes and advantageous pricing situations

## Common Share Buybacks

| 73.6M | ~50% | $3.28 |
|---|---|---|
| SHARES | SHARES OUTSTANDING | AVERAGE BUYBACK PRICE |

## Preferred Equity Activity

| 2016 | | | 2017 | | |
|---|---|---|---|---|---|
| 9.0% | → | 7.4% | 8.5% | → | 7.5% |
| OLD COUPON | | NEW COUPON | OLD COUPON | | NEW COUPON |






(1) As of September 30, 2018 YTD

# Competitive Advantages

## Affiliated Companies

**To drive performance, guest satisfaction, and revenue**

- openkey — Mobile interface for guest check-in and room access
- JSAV (J&S Audio Visual) — Audio visual services for banquets, meetings, and events
- Pure wellness — Hypoallergenic room accommodations
- Lismore Capital — Debt placement services
- Premier Project Management — Project management services
- R — Property management services

## Platform

**To maximize outperformance vs. peers**

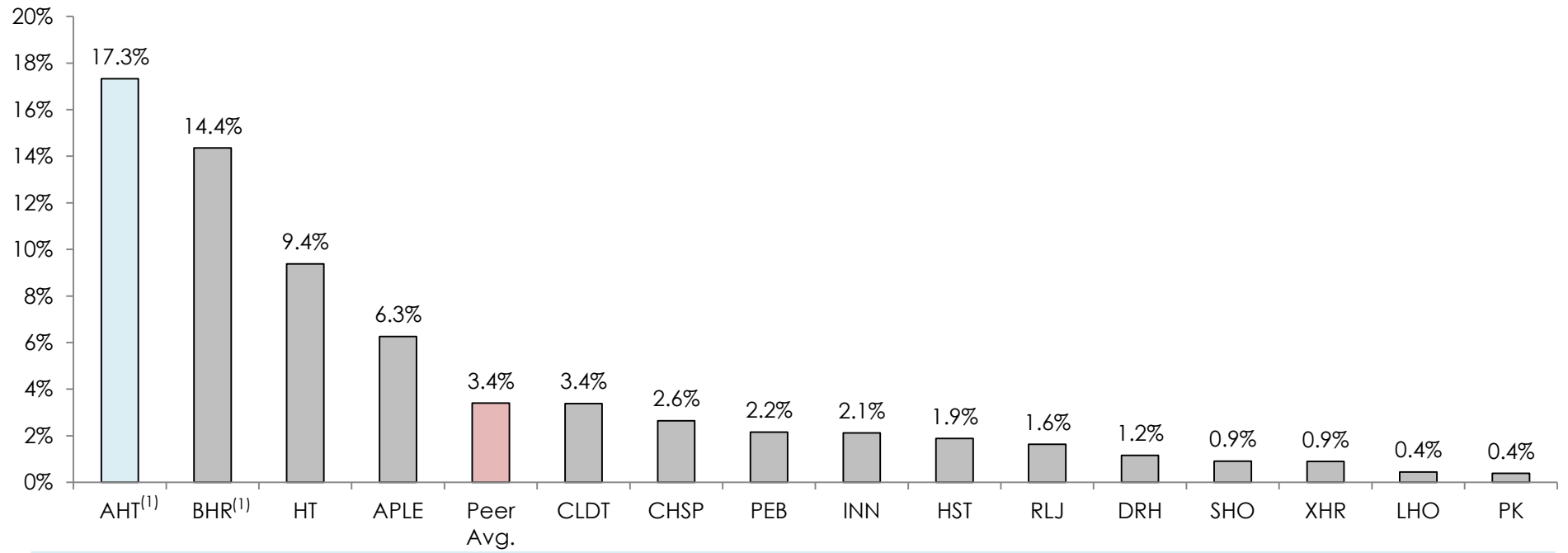
- Scale with major hotel brands
- Long term banking relationships
- Diverse national footprint
- Organizational depth
- Proven industry cycle experience
- Complex transaction execution






Highest

# INSIDER OWNERSHIP AMONG PEERS




**#1**
**Aligned Management Team**

**5.1x**
**More insider ownership vs. peer average**

**$109M**
**Total Dollar Value of insider ownership(2)**

Peer Avg. includes: BHR, HT, APLE, CLDT, CHSP, RLJ, PEB, INN, HST, DRH, SHO, XHR, LHO, PK
Source: latest proxy, SNL
Note: as of September 30, 2018
(1) Includes direct interests and interests of related parties
(2) Assumed stock price as of October 26, 2018

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## Transactions

# Acquisitions Using ERFP




## Hilton Alexandria

- **Attractive RevPAR/yield combination with high margins**
- **Hilton Mgmt. – convertible to franchise after sale with no liquidated damages; no PIP if converted prior to December 31, 2019**

### Key Metrics

| | |
|---|---|
| Acquisition Price | **$111M** |
| ERFP Contribution | **$11M** |
| Rooms | **252** |
| Price/key(1) | **$440,476** |
| TTM RevPAR(2) | **$161** |
| TTM NOI Cap Rate(1) | **8.3%** |
| Leveraged IRR(3) | **29.5%** |

## Hilton Santa Cruz

- **Favorable RevPAR/yield combination with operational upside**
- **Only Hilton full-service product in wide market area**
- **Opportunity to increase tech based and leisure room demand**

### Key Metrics

| | |
|---|---|
| Acquisition Price | **$50M** |
| ERFP Contribution | **$5M** |
| Rooms | **178** |
| Price/key(1) | **$252,809** |
| TTM RevPAR(2) | **$149** |
| FTM NOI Cap Rate(1) | **8.5%** |
| Leverage Neutral IRR(3) | **23.5%** |

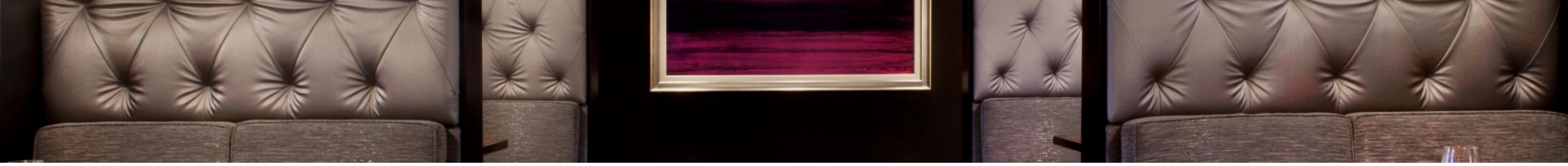
## La Posada Santa Fe

- **Supply constrained market able to generate high RevPAR**
- **Significant operational upside and synergies with our nearby Hilton**
- **Leisure driven resort market with year-round demand generators**

### Key Metrics

| | |
|---|---|
| Acquisition Price | **$50M** |
| ERFP Contribution | **$5M** |
| Rooms | **157** |
| Price/key(1) | **$286,624** |
| TTM RevPAR(2) | **$155** |
| FTM NOI Cap Rate(1) | **7.3%** |
| Leverage Neutral IRR(3) | **28.1%** |

(1) Assumes 10% ERFP commitment as if funded immediately at acquisition
(2) As of May 30 2018; June 30, 2018; August 30, 2018 from left to right.
(3) Assumes equity, property debt, corporate preferred and ERFP contribution at end of year 1



Asset Sales

# Financially Calibrated

## ASSETS SOLD SINCE 2015

- HAMPTON INN TERRE HAUTE
- COURTYARD MARRIOTT VILLAGE LAKE BUENA VISTA
- SPRINGHILL SUITES LAKE BUENA VISTA
- FAIRFIELLD INN LAKE BUENA VISTA
- RESIDENNCE INN ATLANTA BUCKHEAD
- COURTYARD EDISON
- HAMPTON INN GAINESVILLE
- SPRINGHILL SUITES GAITHERSBURG
- RESIDENCE INN PALM DESERT
- COURTYARD PALM DESERT
- RENAISSANCE PORTSMOUTH
- EMBASSY SUITES SYRACUSE
- CROWNE PLAZA ATLANTA RAVINIA
- SPRINGHILL SUITES RICHMOND GLEN ALLEN
- SPRINGHILL SUITES CENTREVILLE
- RESIDENCE INN TAMPA

### SALE OF MAINLY SELECT-SERVICE HOTELS

**$375M**

SALES PROCEEDS

### DISPOSING OF LOWER REVPAR HOTELS

**$80**

AVG TTM REVPAR

### AT FAVORABLE CAP RATES

**8.1%**

AVG TTM CAP RATE

**6.9%**(1)

ALL-IN CAP RATE

(1) Based on expected CapEx to be invested by buyer

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# Balance Sheet



Strategic Rationale

# Non-Recourse Debt

## Benefits of Non-Recourse Debt

- Non-recourse debt **lowers risk profile** of platform
- **Maximizes flexibility** in all economic environments

Long-standing **lender relationships**

**High lender interest** given sponsorship and portfolio quality

## Total Enterprise Value

| | |
|---|---|
| Stock Price[1] | $5.18 |
| Fully Diluted Shares Outstanding[2] | 121.7 |
| **Equity Value** | **$630.4** |
| Plus: Preferred Equity[2] | 564.7 |
| Plus: Debt, net of JV Interest[2] | 3,937.2 |
| **Total Market Capitalization** | **$5,132.3** |
| Less: Net Working Capital[2],[3] | (454.1) |
| **Total Enterprise Value** | **$4,678.2** |

**100%**

Non-Recourse Debt

**100%**

Property Level, Mortgage Debt

**0.0%**

Corporate Level Debt

(1) As of October 26, 2018
(2) As of September 30, 2018; in millions
(3) Includes Investment in Ashford Inc. at market value as of October 26, 2018

Value Enhancement Through

# Recent Refinancings

L+5.52% → L+3.00%

**17-Pack – Oct 2017**

**~$9.8M in annual debt service savings over prior loan terms**

L+4.95% → L+2.92%

**8-Pack – Jan 2018**

**~$6.8M in annual debt service savings over prior loan terms**

L+4.39% → L+3.20%

**22-Pack – Apr 2018**

**~$11.0M in annual debt service savings over prior loan terms**

L+4.57% → L+3.83%

**34-Pack – Jun 2018**

**74bp decrease over prior loan terms**

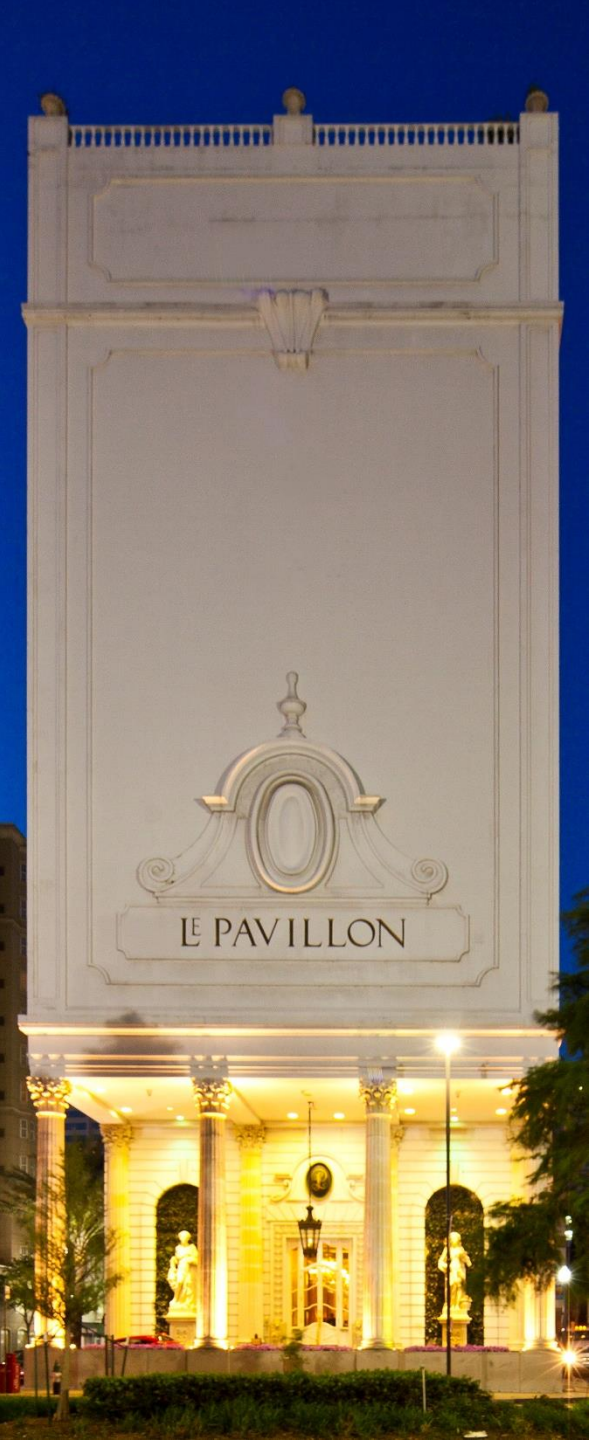
## Strategic Rationale

Extend Maturity

Greater Flexibility

Interest Expense Savings

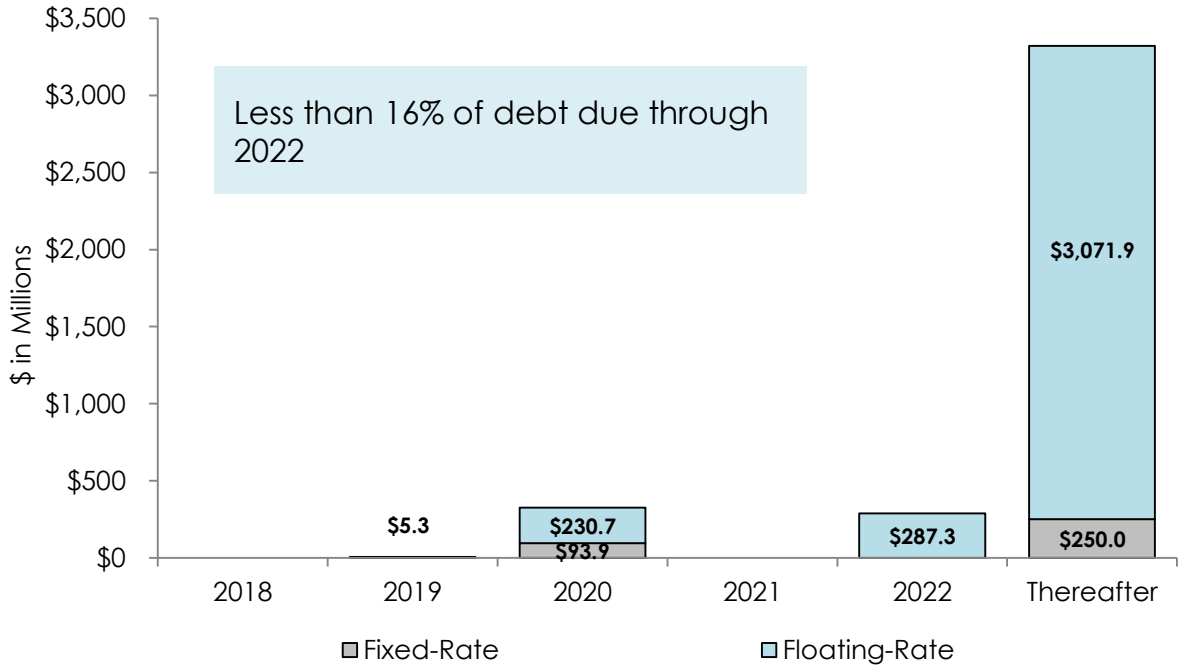





Well-Laddered

# Debt Maturity Schedule[1]

Q4 2017 weighted average maturity was 3.7 years
Q3 2018 weighted average maturity is now 5.8 years




**5.5%**

Total Portfolio Weighed Average Rate

**2018**

No Debt maturity until 2019

(1) As of September 30, 2018 assumes extension options are exercised

Strategic

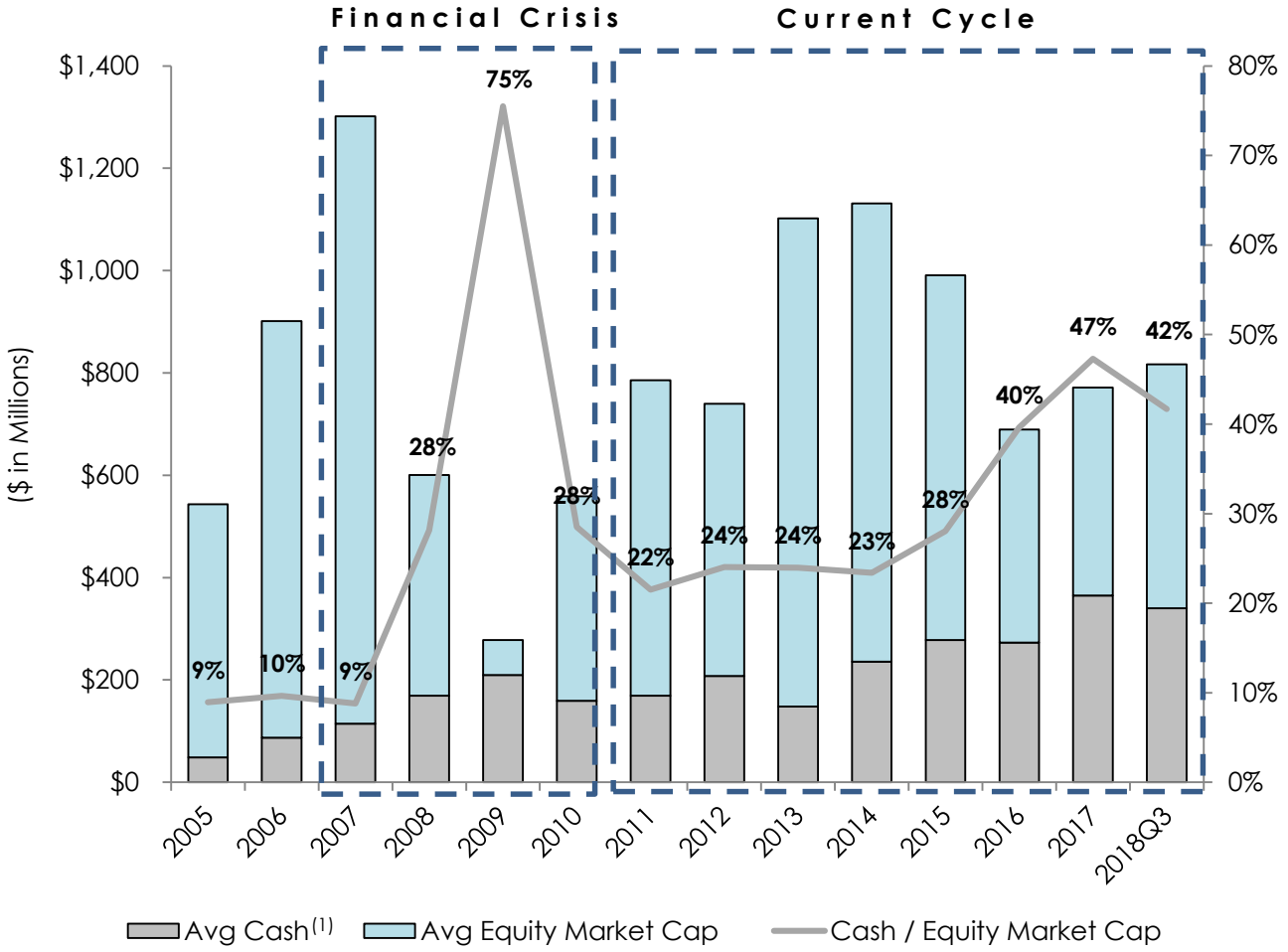
# Cash Target

**Financial Crisis**

Positioned to buy back approximately 50% of outstanding common shares for about $240M leading to outsized total shareholder returns

**Current Cycle**

Flexibility to execute opportunistic growth and maintain hedge against an economic downturn




(1) Based on public filings; adjusted for unconsolidated Highland JV from 2011 - 2014
Source: Bloomberg



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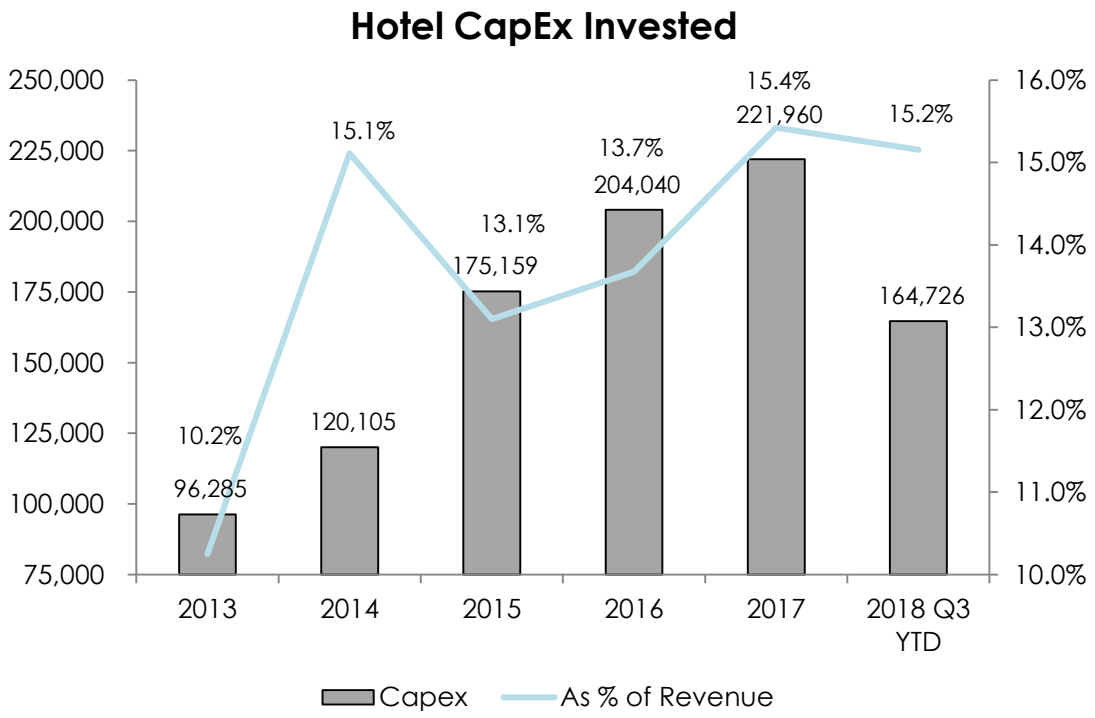
# Asset Management Initiatives

# Contribute to Growth




**Strategic capital improvements better position hotels for performance**



Case Study

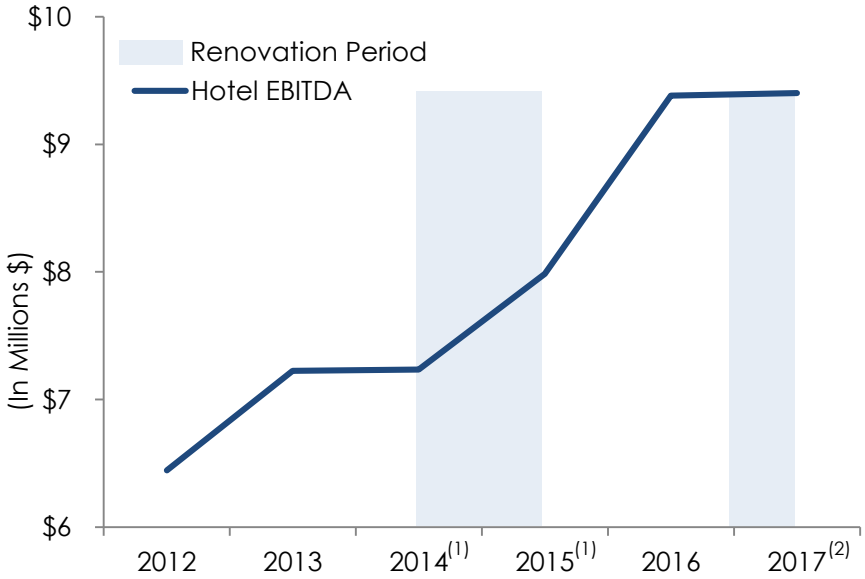
# Hyatt Regency Savannah Capital Improvements

**$10.7M**

Invested in guestrooms and corridors

**$8.4M**

Invested in lobby, meeting space, and restaurant




## Performance Comparison

**RevPAR Index(3)**

**109.2** → **130.2**

**Value Added(3)**

**$42.1M**

(1) Guestroom renovation lasted from October 2014 to April 2015
(2) Lobby/meeting space renovation lasted from January 2017 to July 2017
(3) Comparing TTM September 2014 to July 2018; 7.5% cap rate



Case Study

# Marriott Beverly Hills Rebranding

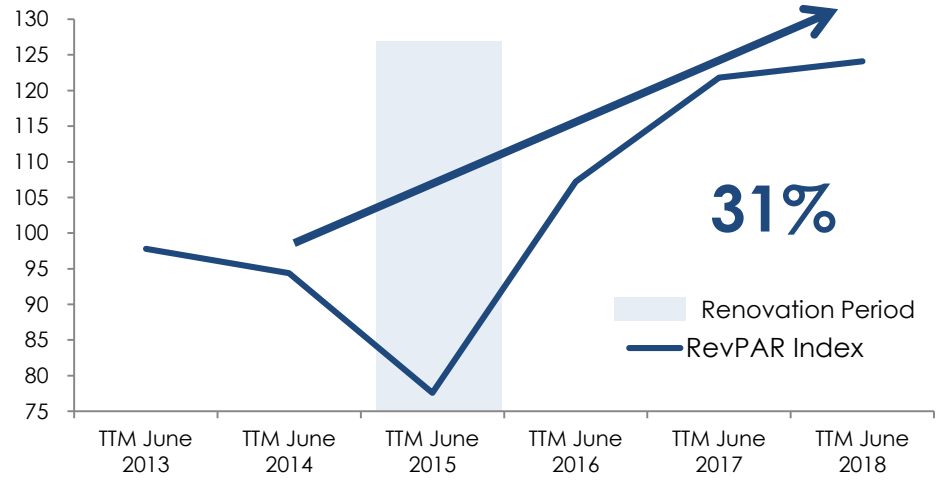
Only full-service Marriott within 6-mile radius

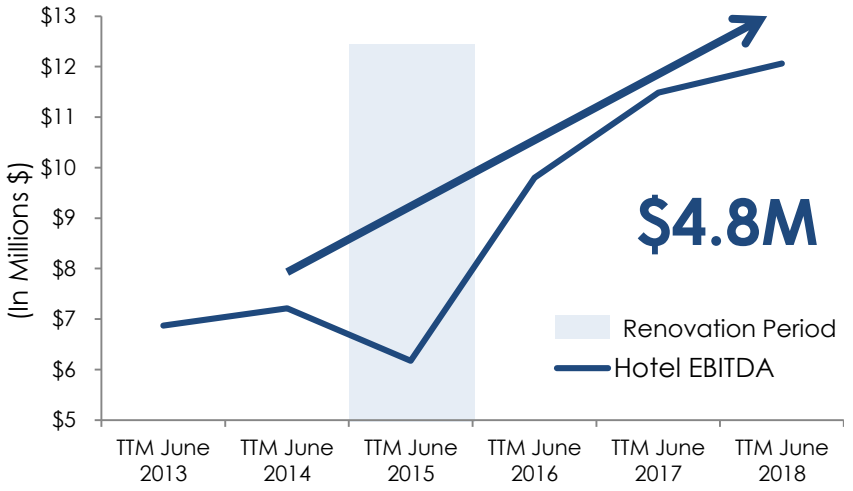
$11.0M incremental CapEx

## Incremental Value Added (1)

| | | | |
|---|---|---|---|
| **Revenue:** | 5,950bps | **Occ:** | 950bps |
| **ADR:** | 4,640bps | **RevPAR:** | $90.14 |

**Value Creation(2): $68.8M**




(1) Fully ramped Marriott vs. pre-renovation as Crowne Plaza (TTM June 2018 vs. TTM June 2014)
(2) 6.5% cap rate, conservatively assumes same cap rate for both Marriott and Crowne Plaza





Case Study

# Marriott DFW Franchise Conversion

| 491 | 18,522 sq.ft. |
|---|---|
| Keys | Meeting Space |

- Realigned and retrained sales staff to effectively target under-performing market segments
- Shifted business mix by prioritizing transient and enforcing group ceilings over high demand periods
- Implemented daily labor review processes aimed at curbing labor cost overruns

## Results – First 12 months[1]

| | | Performance |
|---|---|---|
| Occupancy | ↑ | 860bps |
| RevPAR | ↑ | 580bps |
| RevPAR Index | ↑ | 240bps |
| Hotel EBITDA Flow-Through | ↑ | 119% |

(1) TTM May 2018

Opportunity

# Revenue Initiatives

## Implementing aggressive strategy to increase ancillary revenue

| $2.2M | $3.7M | $400K | $4.6M |
|---|---|---|---|
| Resort Fee | Parking | Early Arrival/ Late Departure | Other Charge |

**Total Added Revenue(1): $10.9M**

(1) Estimated annual revenue



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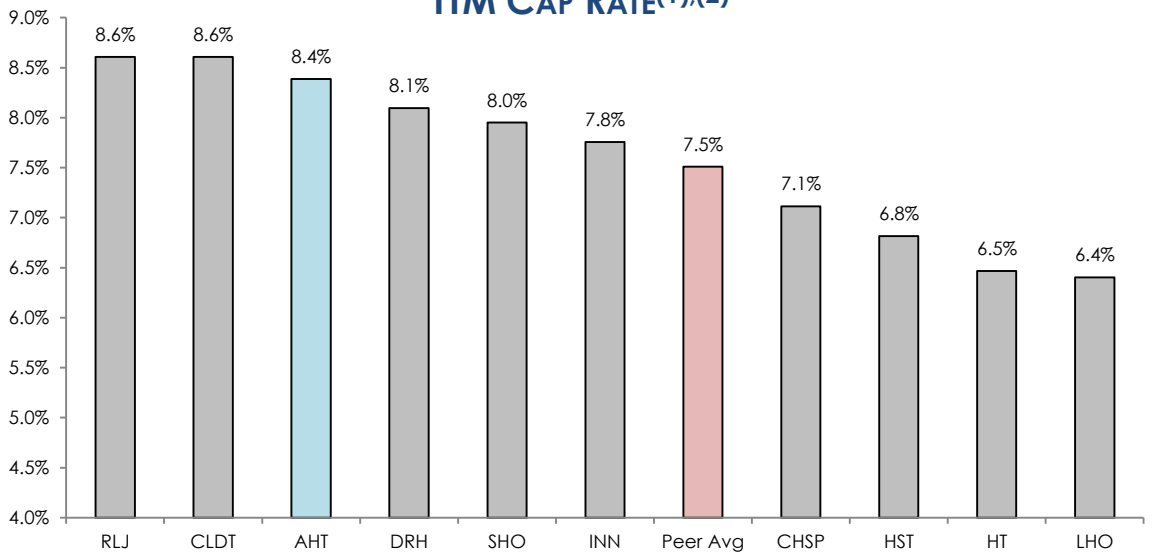
# Valuation

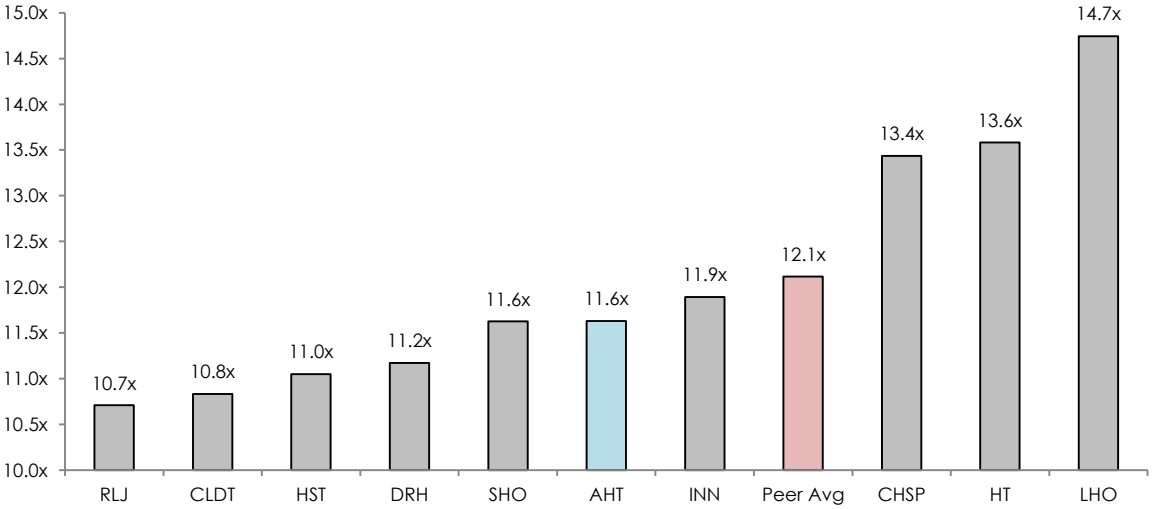



# Valuation

## TTM Cap Rate[1],[2]




## TEV / 2018E EBITDA Multiple[1],[2]




(1) Balance sheet data as of September 30, 2018; stock price as of October 26, 2018
(2) Based on consensus estimates
Source: SNL, Bloomberg, Company Filings




STRATEGIC FOCUS

PORTFOLIO QUALITY

ERFP PROGRAM

DIVIDEND YIELD

Reasons to Own

# Ashford Hospitality Trust

ASSET MANAGEMENT

TRACK RECORD

AFFILIATE ADVANTAGES

INSIDER OWNERSHIP



# ASHFORD
## HOSPITALITY TRUST

November 2018