



**SERVICE
PROPERTIES TRUST**

Service Properties Trust
Second Quarter 2023
Financial Results and
Supplemental Information

August 7, 2023

Sonesta Philadelphia Downtown
Philadelphia, PA

Exhibit 99.2



Table of Contents

QUARTERLY RESULTS

Service Properties Trust Announces Second Quarter 2023 Financial Results	4
Second Quarter 2023 Highlights	5
Second Quarter 2023 Results	6

FINANCIALS

Key Financial Data	8
Condensed Consolidated Statements of Income (Loss)	9
Condensed Consolidated Balance Sheets	10
Debt Summary	11
Debt Maturity Schedule	12
Leverage Ratios, Coverage Ratios and Public Debt Covenants	13
Capital Expenditures and Restricted Cash Activity	14
Property Acquisitions and Dispositions Information Since January 1, 2023	15

PORTFOLIO INFORMATION

Portfolio Summary	17
Consolidated Portfolio Diversification by Industry	18
Consolidated Portfolio Geographical Diversification	19
Hotel Portfolio by Brand	20
Hotel Operating Statistics by Service Level - Comparable Hotels - three months ended June 30, 2023	21
Hotel Operating Statistics by Service Level - Comparable Hotels - six months ended June 30, 2023	22
Hotel Operating Statistics by Service Level - All Hotels - three months ended June 30, 2023	23
Hotel Operating Statistics by Service Level - All Hotels - six months ended June 30, 2023	24
Net Lease Portfolio by Brand	25
Net Lease Portfolio by Industry	26
Net Lease Portfolio by Tenant (Top 10)	27
Net Lease Portfolio - Expiration Schedule	28
Net Lease Portfolio - Occupancy Summary	29

APPENDIX

Company Profile and Research Coverage	31
Governance Information	32
Non-GAAP Financial Measures and Certain Definitions	33
Calculation of FFO and Normalized FFO	35
Calculation of EBITDA, EBITDAre and Adjusted EBITDAre	36
Calculation and Reconciliation of Hotel EBITDA - Comparable Hotels	37
Calculation and Reconciliation of Hotel EBITDA - All Hotels	38
Notes to Condensed Consolidated Statements of Income (Loss) and Calculations of FFO, Normalized FFO, EBITDA, EBITDAre, Adjusted EBITDAre and Hotel EBITDA	39

WARNING CONCERNING FORWARD-LOOKING STATEMENTS	40
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Trading Symbols:

Common Shares: SVC

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All amounts in this presentation are unaudited.

Additional information and reconciliations of Non-GAAP measures to amounts determined in accordance with U.S. GAAP appear in the appendix to this presentation. Please refer to Non-GAAP Financial Measures and Certain Definitions for terms used throughout this presentation.

Dollar amounts in thousands, unless otherwise noted.

Quarterly Results



"Second quarter results continued solid year over year growth seen in our hotel portfolio along with the ongoing strength in the net lease business. Our largest tenant is now backed by an investment grade company in BP and with our new long term revolving credit facility and the cash we received from the TA transaction, we currently have over \$1 billion in total liquidity."

Todd Hargreaves, President and Chief Investment Officer

Newton, MA (August 7, 2023): Service Properties Trust (Nasdaq: SVC) today announced its financial results for the quarter ended June 30, 2023.

Dividend:

SVC has declared a quarterly distribution on its common shares of \$0.20 per share to shareholders of record as of the close of business on July 24, 2023. This distribution will be paid on or about August 17, 2023.

Conference Call:

A conference call to discuss SVC's second quarter results will be held on Tuesday, August 8, 2023 at 10:00 a.m. Eastern Time. The conference call may be accessed by dialing (877) 329-3720 or (412) 317-5434 (if calling from outside the United States and Canada); a pass code is not required. A replay will be available for one week by dialing (412) 317-0088; the replay pass code is 7508126. A live audio webcast of the conference call will also be available in a listen-only-mode on SVC's website, at www.svcreit.com. The archived webcast will be available for replay on SVC's website after the call. The transcription, recording and retransmission in any way of SVC's second quarter conference call are strictly prohibited without the prior written consent of SVC.

About Service Properties Income Trust:

Service Properties Trust (Nasdaq: SVC) is a real estate investment trust, or REIT, with over \$11 billion invested in two asset categories: hotels and service-focused retail net lease properties. As of June 30, 2023, SVC owned 221 hotels with over 37,000 guest rooms throughout the United States and in Puerto Rico and Canada, the majority of which are extended stay and select service. As of June 30, 2023, SVC also owned 763 retail service-focused net lease properties totaling approximately 13.5 million square feet throughout the United States. SVC is managed by The RMR Group (Nasdaq: RMR), an alternative asset management company with approximately \$36 billion in assets under management as of June 30, 2023 and more than 35 years of institutional experience in buying, selling, financing and operating commercial real estate. SVC is headquartered in Newton, MA. For more information, visit www.svcreit.com.

Financial Results

- Net loss of \$11.3 million, or \$(0.07) per common share.
- Normalized FFO of \$95.1 million, or \$0.58 per common share.
- Adjusted EBITDAre of \$185.3 million.

Portfolio Update

- Comparable Hotel RevPAR of \$97.07.
- Comparable Hotel EBITDA of \$93.4 million.
- Net Lease occupancy of 96.1%.
- Net Lease rent coverage of 2.94x.

Investment Activity

- Purchased one hotel with 250 keys for a purchase price of \$165.4 million, excluding closing costs.
- Sold two net lease properties with 2,384 square feet for an aggregate sales price of \$620.0 thousand, excluding closing costs.

Liquidity and Financing Activities

- As of June 30, 2023, SVC had over \$1.0 billion of liquidity, including \$434.9 million of cash and cash equivalents and \$650.0 million available to borrow under its revolving credit facility.
- SVC entered into a new \$650.0 million secured revolving credit facility. The maturity date of the new facility is June 29, 2027, and includes two six-month extensions at the borrower's option. Interest paid on drawings under the new facility is based on SOFR plus a margin (currently 2.50%). The new facility is secured by 69 properties (66 hotels and three net lease properties).

TA Agreement

- As previously announced, SVC amended its leases and guarantees with TravelCenters of America Inc. (Nasdaq: TA) effective upon the completion of the acquisition of TA by BP p.l.c. (NYSE: BP) on May 15, 2023 for cash consideration of \$86.00 per share of TA common stock outstanding.
- SVC received a total of \$379.2 million in cash for the TA shares it owned, the sale of the TA tradenames and trademarks to BP and rent prepaid by BP.

Second Quarter 2023 Results

Consolidated Financial Results	Three Months Ended June 30,		
	2023	2022	Change
Net (loss) income	\$ (11,278)	\$ 11,350	\$ (22,628)
Net (loss) income per common share (basic and diluted)	\$ (0.07)	\$ 0.07	\$ (0.14)
FFO	\$ 93,751	\$ 87,031	\$ 6,720
FFO per common share (basic and diluted)	\$ 0.57	\$ 0.53	\$ 0.04
Normalized FFO	\$ 95,127	\$ 89,158	\$ 5,969
Normalized FFO per common share (basic and diluted)	\$ 0.58	\$ 0.54	\$ 0.04
EBITDA	\$ 171,043	\$ 202,163	(15.4 %)
Adjusted EBITDAre	\$ 185,324	\$ 181,873	1.9 %

Hotel Results

Comparable Hotels

No. of hotels	219	219	–
No. of rooms or suites	37,429	37,429	–
Occupancy	67.7 %	67.4 %	0.3 pts
ADR	\$ 143.38	\$ 140.06	2.4 %
Hotel RevPAR	\$ 97.07	\$ 94.40	2.8 %
Hotel EBITDA	\$ 93,398	\$ 86,852	7.5 %
Hotel EBITDA margin	23.2 %	22.9 %	0.3 pts

All Hotels

No. of hotels	221	247	(26)
No. of rooms or suites	37,777	41,166	(3,389)
Occupancy	67.6 %	66.6 %	1.0 pts
ADR	\$ 144.32	\$ 138.43	4.3 %
Hotel RevPAR	\$ 97.56	\$ 92.19	5.8 %
Hotel EBITDA	\$ 93,144	\$ 89,997	3.5 %
Hotel EBITDA margin	23.0 %	21.5 %	1.5 pts

Net Lease Metrics

Number of properties	763	775	(12)
Occupancy	96.1 %	97.8 %	(1.7 pts)
Rent Coverage	2.94x	2.80x	0.14x



* Dollars are in thousands, except per share data and hotel statistics.

Financials



Key Financial Data

(amounts in thousands, except per share data)

	As of and For the Three Months Ended				
	6/30/2023	3/31/2023	12/31/2022	9/30/2022	6/30/2022

Selected Income Statement Data:

Total revenues	\$ 503,779	\$ 429,209	\$ 455,219	\$ 498,521	\$ 515,777
Net (loss) income	\$ (11,278)	\$ 25,950	\$ (31,409)	\$ 7,500	\$ 11,350
FFO	\$ 93,751	\$ 35,894	\$ 73,128	\$ 88,397	\$ 87,031
Normalized FFO	\$ 95,127	\$ 37,146	\$ 73,266	\$ 88,458	\$ 89,158
Adjusted EBITDAre	\$ 185,324	\$ 116,841	\$ 150,534	\$ 173,455	\$ 181,873

Per Common Share Data (basic and diluted):

Net (loss) income	\$ (0.07)	\$ 0.16	\$ (0.19)	\$ 0.05	\$ 0.07
FFO	\$ 0.57	\$ 0.22	\$ 0.44	\$ 0.54	\$ 0.53
Normalized FFO	\$ 0.58	\$ 0.23	\$ 0.44	\$ 0.54	\$ 0.54

Dividend Data:

Annualized dividends paid per share during the period	\$ 0.80	\$ 0.80	\$ 0.80	\$ 0.04	\$ 0.04
Annualized dividend yield (at end of period)	9.2 %	8.0 %	11.0 %	0.8 %	0.8 %
Annualized Normalized FFO payout ratio	34.5 %	87.0 %	45.5 %	1.9 %	1.9 %

Selected Balance Sheet Data:

Total gross assets	\$ 10,715,669	\$ 10,505,429	\$ 10,458,324	\$ 10,561,906	\$ 11,222,613
Total assets	\$ 7,649,651	\$ 7,482,166	\$ 7,488,191	\$ 7,632,713	\$ 8,331,559
Total liabilities	\$ 6,310,576	\$ 6,100,261	\$ 6,099,399	\$ 6,180,795	\$ 6,886,687
Total shareholders' equity	\$ 1,339,075	\$ 1,381,905	\$ 1,388,792	\$ 1,451,918	\$ 1,444,872

	As of
	6/30/2023

Capitalization:

Total common shares (at end of period)	165,484
Closing price (at end of period)	\$ 8.69
Equity market capitalization (at end of period)	\$ 1,438,056
Debt (principal balance)	5,809,548
Total market capitalization	\$ 7,247,604

Liquidity:

Cash and cash equivalents	\$ 434,867
Available borrowings under revolving credit facility	650,000
Total liquidity	\$ 1,084,867

Condensed Consolidated Statements of Income (Loss)

(amounts in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenues:				
Hotel operating revenues ⁽¹⁾	\$ 404,327	\$ 418,984	\$ 739,123	\$ 716,390
Rental income ⁽²⁾	99,452	96,793	193,865	193,151
Total revenues	503,779	515,777	932,988	909,541
Expenses:				
Hotel operating expenses ⁽¹⁾⁽³⁾	309,100	325,194	608,666	615,537
Other operating expenses	4,372	3,179	8,277	5,650
Depreciation and amortization	94,571	100,520	194,610	204,633
General and administrative	12,420	12,665	23,331	24,452
Transaction related costs ⁽⁴⁾	931	743	1,818	1,920
Loss on asset impairment, net ⁽⁵⁾	9,005	3,048	9,005	8,548
Total expenses	430,399	445,349	845,707	860,740
(Loss) gain on sale of real estate, net ⁽⁶⁾	(62)	38,851	41,836	44,399
(Loss) gain on equity securities, net ⁽⁷⁾	(593)	(10,059)	48,837	(20,319)
Interest income	3,468	1,021	6,254	1,294
Interest expense (including amortization of debt issuance costs and debt discounts and premiums of \$6,804, \$5,021, \$12,036 and \$10,934, respectively)	(82,503)	(89,820)	(164,083)	(182,164)
Loss on early extinguishment of debt ⁽⁸⁾	(238)	(791)	(282)	(791)
(Loss) income before income taxes and equity in earnings of an investee	(6,548)	9,630	19,843	(108,780)
Income tax expense	(5,247)	(473)	(1,467)	(1,168)
Equity in earnings (losses) of an investee ⁽⁹⁾	517	2,193	(3,704)	1,476
Net (loss) income	\$ (11,278)	\$ 11,350	\$ 14,672	\$ (108,472)
Weighted average common shares outstanding (basic and diluted)	164,902	164,677	164,884	164,672
Net (loss) income per common share (basic and diluted)	\$ (0.07)	\$ 0.07	\$ 0.09	\$ (0.66)

Sonesta Simply Suites Jacksonville
Jacksonville, FL



See accompanying notes on [page 39](#).

Condensed Consolidated Balance Sheets

(dollars in thousands, except share data)

	June 30, 2023	December 31, 2022
ASSETS		
Real estate properties:		
Land	\$ 1,975,339	\$ 1,902,587
Buildings, improvements and equipment	7,705,657	7,658,282
Total real estate properties, gross	9,680,996	9,560,869
Accumulated depreciation	(3,066,018)	(2,970,133)
Total real estate properties, net	6,614,978	6,590,736
Acquired real estate leases and other intangibles, net	145,597	252,357
Assets held for sale	14,080	121,905
Cash and cash equivalents	434,867	38,369
Restricted cash	15,758	7,051
Equity method investments	108,913	112,617
Investment in equity securities	—	53,055
Due from related persons	30,017	35,033
Other assets, net	285,441	277,068
Total assets	<u>\$ 7,649,651</u>	<u>\$ 7,488,191</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Senior unsecured notes, net	\$ 5,161,403	\$ 5,655,530
Mortgage notes payable, net	554,058	—
Accounts payable and other liabilities	584,522	425,960
Due to related persons	10,593	17,909
Total liabilities	<u>6,310,576</u>	<u>6,099,399</u>
Commitments and contingencies		
Shareholders' equity:		
Common shares of beneficial interest, \$.01 par value; 200,000,000 shares authorized; 165,483,834 and 165,452,566 shares issued and outstanding, respectively	1,655	1,655
Additional paid in capital	4,556,650	4,554,861
Cumulative other comprehensive income	2,384	2,383
Cumulative net income available for common shareholders	2,517,951	2,503,279
Cumulative common distributions	(5,739,565)	(5,673,386)
Total shareholders' equity	<u>1,339,075</u>	<u>1,388,792</u>
Total liabilities and shareholders' equity	<u>\$ 7,649,651</u>	<u>\$ 7,488,191</u>



Sonesta Simply Suites Falls Church
Falls Church, VA

Debt Summary

As of June 30, 2023

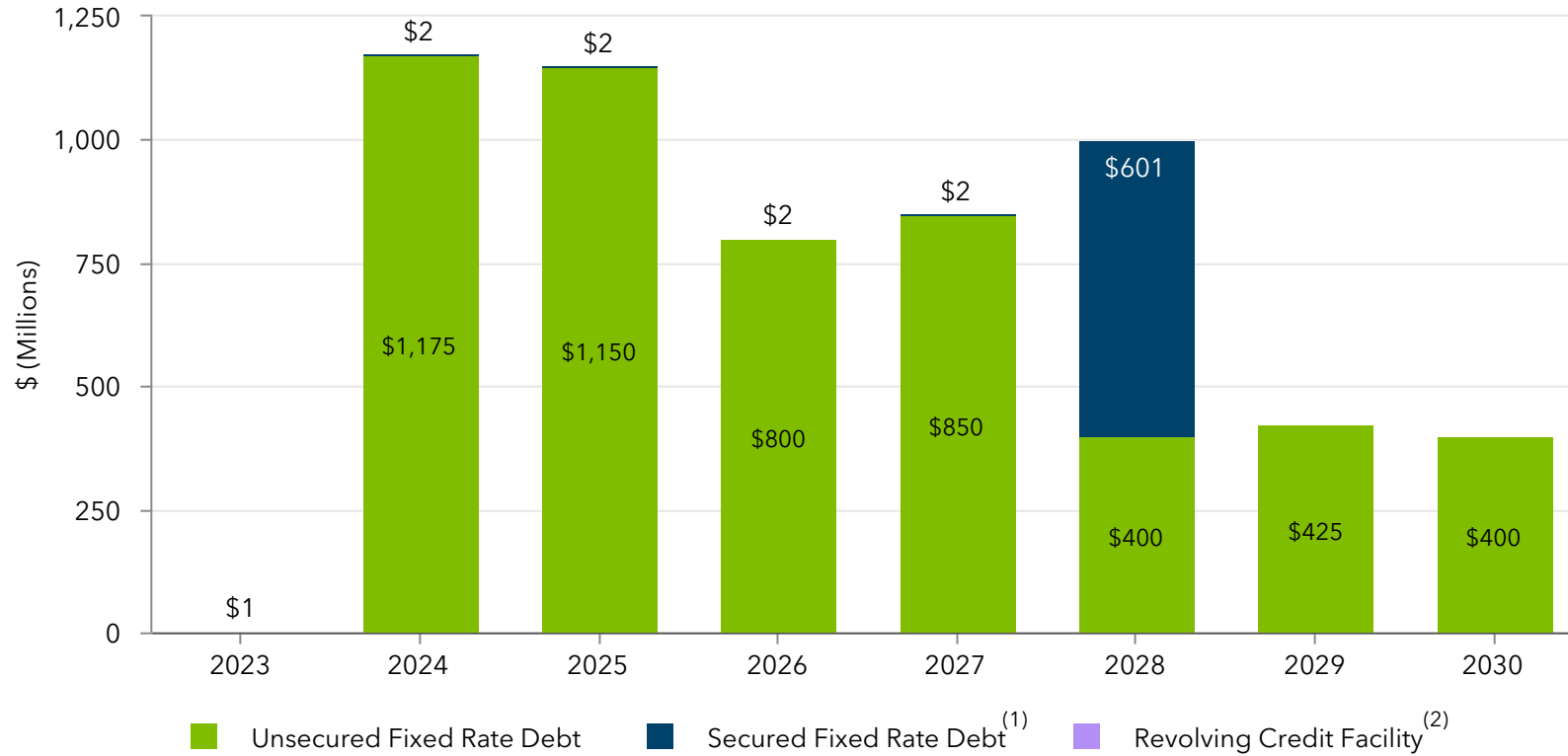
(dollars in thousands)

	Weighted Average Interest Rate	Principal Balance	Maturity Date	Due at Maturity	Years to Maturity
Floating Rate Debt:					
\$650,000 revolving credit facility ⁽¹⁾⁽²⁾	7.640 %	\$ —	6/29/27	\$ —	4.0
Secured Fixed Rate Debt:					
Net lease mortgage notes ⁽³⁾	5.600 %	\$ 609,548	2/10/28	\$ 600,576	4.6
Unsecured Fixed Rate Debt:					
Senior unsecured notes due 2024	4.650 %	\$ 350,000	3/15/24	\$ 350,000	0.7
Senior unsecured notes due 2024	4.350 %	825,000	10/1/24	825,000	1.3
Senior unsecured notes due 2025	4.500 %	350,000	3/15/25	350,000	1.7
Senior unsecured notes due 2025 ⁽⁴⁾	7.500 %	800,000	9/15/25	800,000	2.2
Senior unsecured notes due 2026	5.250 %	350,000	2/15/26	350,000	2.6
Senior unsecured notes due 2026	4.750 %	450,000	10/1/26	450,000	3.3
Senior unsecured notes due 2027	4.950 %	400,000	2/15/27	400,000	3.6
Senior unsecured notes due 2027 ⁽⁴⁾	5.500 %	450,000	12/15/27	450,000	4.5
Senior unsecured notes due 2028	3.950 %	400,000	1/15/28	400,000	4.5
Senior unsecured notes due 2029	4.950 %	425,000	10/1/29	425,000	6.3
Senior unsecured notes due 2030	4.375 %	400,000	2/15/30	400,000	6.6
Subtotal / weighted average	5.167 %	5,200,000		5,200,000	3.0
Total / weighted average ⁽⁵⁾	5.746 %	\$ 5,809,548		\$ 5,800,576	3.5

- (1) SVC entered into a new \$650 million secured revolving credit facility in June 2023. The maturity date of the new facility is June 29, 2027, and includes two six-month extensions at the borrower's option. Interest paid on drawings under the new facility is based on SOFR plus a margin ranging from 1.50% to 3.00% based on SVC's leverage ratio as defined in the agreement and was 2.50% as of June 30, 2023. SVC also pays an unused commitment fee of 20 to 30 basis points per annum based on amounts outstanding under its revolving credit facility. The interest rate listed in this debt summary is as of June 30, 2023.
- (2) SVC has provided equity pledges on certain of its property owning subsidiaries and provided first mortgage liens on 69 properties owned by the pledged subsidiaries to secure its obligations under the credit agreement governing its credit facility.
- (3) These notes are secured by 308 net lease properties and are prepayable without penalty 24 months prior to the expected maturity date.
- (4) These notes are guaranteed by certain of SVC's subsidiaries.
- (5) The carrying value of SVC's total debt of \$5,715,461 as of June 30, 2023 is net of unamortized discounts and premiums and certain issuance costs totaling \$94,087.

Debt Maturity Schedule

As of June 30, 2023



- (1) SVC's net lease mortgage notes are partially amortizing and require balloon payments at maturity. These notes are prepayable without penalty 24 months prior to the expected maturity date.
- (2) As of June 30, 2023, SVC had no amounts outstanding under its \$650 million revolving credit facility.

Leverage Ratios, Coverage Ratios and Public Debt Covenants

	As of and For the Three Months Ended				
	6/30/2023	3/31/2023	12/31/2022	9/30/2022	6/30/2022
Leverage Ratios:					
Net debt / total gross assets	50.2 %	53.6 %	54.1 %	54.2 %	52.3 %
Net debt / gross book value of real estate assets and cash and cash equivalents	53.1 %	57.9 %	56.4 %	56.5 %	54.7 %
Secured debt / total assets	8.1 %	8.2 %	– %	0.4 %	2.0 %
Variable rate debt / net debt	– %	– %	– %	1.7 %	13.6 %
Coverage Ratios:					
Rolling four-quarter Adjusted EBITDAre / rolling four-quarter interest expense	1.9x	1.9x	1.7x	1.6x	1.4x
Net debt / rolling four-quarter Adjusted EBITDAre	8.6x	9.0x	9.5x	10.1x	11.1x

	As of and For the Trailing Twelve Months Ended				
	6/30/2023	3/31/2023	12/31/2022	9/30/2022	6/30/2022
Public Debt Covenants:					
<u>Maintenance Covenant</u>					
Total unencumbered assets / unsecured debt - required minimum 150%	163.9 %	157.1 %	159.1 %	161.0 %	169.2 %
<u>Incurrence Covenants</u>					
Total debt / adjusted total assets - allowable maximum 60.0%	53.1 %	54.8 %	53.6 %	53.8 %	57.9 %
Secured debt / adjusted total assets - allowable maximum 40.0%	5.6 %	5.8 %	– %	0.9 %	7.1 %
Consolidated income available for debt service / debt service - required minimum 1.50x	1.97x	1.90x	1.85x	1.72x	1.59x



Capital Expenditures and Restricted Cash Activity

(dollars in thousands)

	For the Three Months Ended				
	6/30/2023	3/31/2023	12/31/2022	9/30/2022	6/30/2022
Capital Expenditures:					
Hotel capital improvements & FF&E Reserve fundings ⁽¹⁾	\$ 41,043	\$ 21,773	\$ 36,629	\$ 22,841	\$ 17,517
Net lease capital improvements	1,704	505	170	1,520	3,190
Lease related costs	11	67	102	51	479
Total capital improvements & FF&E Reserve fundings	<u>\$ 42,758</u>	<u>\$ 22,345</u>	<u>\$ 36,901</u>	<u>\$ 24,412</u>	<u>\$ 21,186</u>

	As of and For the Three Months Ended				
	6/30/2023	3/31/2023	12/31/2022	9/30/2022	6/30/2022
Restricted Cash:					
Total restricted cash (beginning of period)	\$ 15,220	\$ 7,051	\$ 10,891	\$ 64,901	\$ 2,963
Manager deposits into FF&E Reserve	1,739	1,923	2,598	2,700	2,425
Hotel improvements funded from FF&E Reserve	(1,481)	(1,558)	(1,024)	(1,577)	(1,072)
Hotel FF&E Reserves (end of period)	15,478	7,416	12,465	66,024	4,316
Net lease mortgage note rent collection account	268	5,867	–	–	–
Net lease mortgage note liquidity reserve	12	2,000	–	–	–
Proceeds from asset sales deposited into (withdrawn from) revolving credit facility collateral account, net	–	(63)	(5,414)	(55,133)	60,585
Total restricted cash (end of period)	<u>\$ 15,758</u>	<u>\$ 15,220</u>	<u>\$ 7,051</u>	<u>\$ 10,891</u>	<u>\$ 64,901</u>



(1) Includes amounts SVC funded into its FF&E Reserves and amounts directly reimbursed to its hotel managers for capital expenditures.

Property Acquisitions and Dispositions Information Since January 1, 2023

(dollars in thousands, except per room/sq. ft. data)

ACQUISITIONS:							
Quarter Acquired	Properties	Property Type	Brand	Location	Rooms or Suites	Purchase Price ⁽¹⁾	Average Purchase Price per Room or Suite
Q2 2023	1	Hotel	Sonesta	FL	250	\$ 165,400	\$ 662

DISPOSITIONS:							
Quarter Disposed	Properties	Property Type	Brand	Location	Rooms or Suites / Square Footage	Sales Price ⁽¹⁾	Average Sales Price per Room or Suite / Square Foot
Q1 2023	1	Hotel	Sonesta Select	MD	152	\$ 5,350	\$ 35
	1	Hotel	Sonesta	NJ	219	14,580	67
	3	Hotel	Residence Inn	NY, PA, NC	342	29,018	85
	13	Hotel	Courtyard	Various	1,813	108,282	60
Q2 2023	2	Net Lease	Vacant	OH	2,384	620	260
	<u>20</u>				<u>2,526 / 2,384</u>	<u>\$ 157,850</u>	<u>\$62 / \$260</u>



(1) Represents cash purchase or sale price, as applicable, and excludes closing related costs.

Portfolio Information



Portfolio Summary

As of June 30, 2023

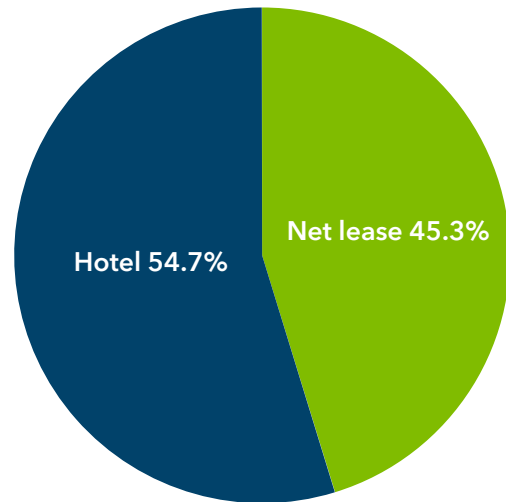
(dollars in thousands)

Number of Properties			
Hotel Properties	221	Number of hotel rooms	37,777
Net Lease Properties	763	Net lease square feet	13,469,478
Total Properties	984	Average hotel property size	171 rooms
		Average net lease property size	17,653 sq. feet

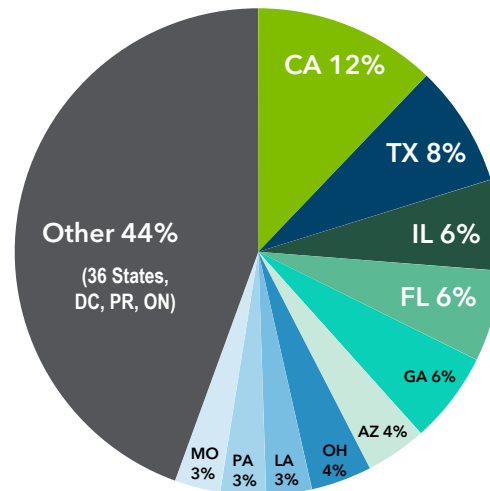
Investments		Diversification Facts	
Hotels	\$ 6,144,279	Tenants/Operators	177
Net Lease Properties	5,080,732	Brands	143
Total Investments	\$ 11,225,011	Industries	22
		States	46



Portfolio Composition ⁽¹⁾



Geographical Diversification ⁽¹⁾



(1) Based on investment.

Consolidated Portfolio Diversification by Industry

As of June 30, 2023

(dollars in thousands)

Industry	No. of Properties	Rooms/ Square Footage	Investments	Percent of Total Investment
1. Hotels	221	37,777	\$ 6,144,279	54.7%
2. Travel Centers	179	5,113,374	3,315,814	29.5%
3. Restaurants-Quick Service	213	682,557	290,151	2.6%
4. Health and Fitness	13	873,258	186,362	1.7%
5. Restaurants-Casual Dining	51	399,792	184,262	1.6%
6. Movie Theaters	18	935,581	160,055	1.4%
7. Grocery Stores	19	1,020,819	129,152	1.2%
8. Home Goods and Leisure	20	628,864	120,708	1.1%
9. Automotive Equipment and Services	64	463,492	107,054	1.0%
10. Medical, Dental Office	70	372,171	103,849	0.9%
11. Automotive Dealers	8	177,433	62,651	0.6%
12. Entertainment	4	199,853	61,436	0.5%
13. Educational Services	9	220,758	55,319	0.5%
14. General Merchandise Stores	3	326,650	52,687	0.5%
15. Building Materials	30	519,826	35,816	0.3%
16. Car Washes	5	41,456	28,658	0.3%
17. Miscellaneous Manufacturing	4	434,885	19,686	0.2%
18. Drug Stores and Pharmacies	7	67,423	19,251	0.2%
19. Sporting Goods	3	120,847	17,742	0.2%
20. Legal Services	5	25,429	11,362	0.1%
21. Dollar Stores	3	27,593	2,971	-%
22. Other	5	211,465	27,244	0.2%
23. Vacant	30	605,952	88,502	0.7%
Total	984	37,777 / 13,469,478	\$ 11,225,011	100.0%

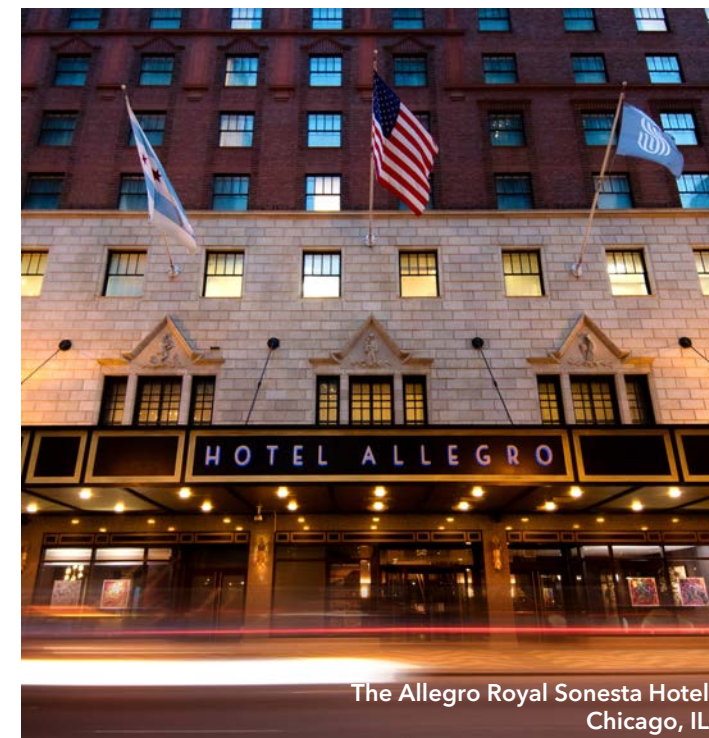


Consolidated Portfolio by Geographic Diversification

As of June 30, 2023

(dollars in thousands)

State	Total Property Count	Hotel Count	Net Lease Count	Investments					
				Total (\$000s)	% of Total	Hotel (\$000s)	Hotel % of Total	Net Lease (\$000s)	Net Lease % of Total
California	58	36	22	\$ 1,381,216	12.3 %	\$ 1,108,151	18.0 %	\$ 273,065	5.4 %
Texas	76	20	56	872,392	7.8 %	356,248	5.8 %	516,144	10.2 %
Illinois	66	10	56	704,394	6.3 %	413,924	6.7 %	290,470	5.7 %
Florida	58	12	46	687,259	6.1 %	441,020	7.2 %	246,239	4.8 %
Georgia	90	16	74	668,867	6.0 %	398,733	6.5 %	270,134	5.3 %
Arizona	39	14	25	473,947	4.2 %	225,575	3.7 %	248,372	4.9 %
Ohio	44	5	39	450,222	4.0 %	120,597	2.0 %	329,625	6.5 %
Louisiana	15	3	12	380,229	3.4 %	248,524	4.0 %	131,705	2.6 %
Pennsylvania	33	5	28	336,777	3.0 %	132,663	2.2 %	204,114	4.0 %
Missouri	29	4	25	285,668	2.5 %	156,518	2.5 %	129,150	2.5 %
Top 10	508	125	383	6,240,971	55.6 %	3,601,953	58.6 %	2,639,018	51.9 %
Other ⁽¹⁾	476	96	380	4,984,040	44.4 %	2,542,326	41.4 %	2,441,714	48.1 %
Total	984	221	763	\$ 11,225,011	100.0 %	\$ 6,144,279	100.0 %	\$ 5,080,732	100.0 %



(1) Consists of properties in 36 different states, the District of Columbia, Puerto Rico and Ontario, Canada with an average investment of \$10,511 per property.

Hotel Portfolio by Brand

As of June 30, 2023

(dollars in thousands, except per room or suite data)

Brand	Service Level	Chain Scale	Number of Hotels	Percent of Total Number of Hotels	Number of Rooms or Suites	Percent of Total Number of Rooms or Suites	Investment	Percent of Total Hotel Investment	Investment Per Room or Suite
Royal Sonesta Hotels®	Full Service	Upper Upscale	17	15.0 %	5,663	15.0 %	\$ 1,871,867	30.5 %	\$ 330,543
Sonesta Hotels & Resorts®	Full Service	Upscale	23	19.6 %	7,399	19.6 %	1,325,816	21.6 %	179,189
Sonesta ES Suites®	Extended Stay	Upper Midscale	60	20.2 %	7,643	20.2 %	1,097,600	17.9 %	143,609
Sonesta Select®	Select Service	Upscale	44	17.0 %	6,427	17.0 %	681,116	11.1 %	105,977
Sonesta Simply Suites®	Extended Stay	Midscale	51	17.2 %	6,464	17.2 %	573,799	9.3 %	88,768
Hyatt Place®	Select Service	Upscale	17	5.6 %	2,107	5.6 %	248,123	4.0 %	117,761
Radisson® Hotels & Resorts	Full Service	Upscale	5	3.0 %	1,149	3.0 %	168,148	2.7 %	146,343
Crowne Plaza®	Full Service	Upscale	1	1.3 %	495	1.3 %	123,734	2.0 %	249,968
Country Inns & Suites® by Radisson	Full Service	Upper Midscale	3	1.1 %	430	1.1 %	54,076	0.9 %	125,758
Total/Average Hotels			<u>221</u>	<u>100.0 %</u>	<u>37,777</u>	<u>100.0 %</u>	<u>\$ 6,144,279</u>	<u>100.0 %</u>	<u>\$ 162,646</u>



Hotel Operating Statistics by Service Level - Comparable Hotels



Brand	Service Level	No. of Hotels	No. of Rooms or Suites	Occupancy			ADR			RevPAR		
				Three Months Ended June 30,			Three Months Ended June 30,			Three Months Ended June 30,		
				2023	2022	Change	2023	2022	Change	2023	2022	Change
Sonesta Hotels & Resorts	Full Service	22	7,149	68.3 %	67.7 %	0.6 Pts	\$ 156.21	\$ 157.45	(0.8)%	\$ 106.69	\$ 106.59	0.1 %
Royal Sonesta	Full Service	17	5,663	63.5 %	59.6 %	3.9 Pts	246.41	245.75	0.3 %	156.47	146.47	6.8 %
Radisson Hotel	Full Service	5	1,149	64.9 %	70.0 %	(5.1)Pts	145.01	137.48	5.5 %	94.11	96.24	(2.2)%
Crowne Plaza	Full Service	1	495	69.3 %	61.2 %	8.1 Pts	140.51	132.72	5.9 %	97.37	81.22	19.9 %
Country Inn and Suites	Full Service	3	430	74.4 %	69.8 %	4.6 Pts	135.91	138.36	(1.8)%	101.12	96.58	4.7 %
Full Service Total / Average		48	14,886	66.4 %	64.6 %	1.8 Pts	187.31	185.80	0.8 %	124.37	120.03	3.6 %
Sonesta Select	Select Service	44	6,427	58.2 %	55.0 %	3.2 Pts	118.30	120.46	(1.8)%	68.85	66.25	3.9 %
Hyatt Place	Select Service	17	2,107	74.2 %	74.6 %	(0.4)Pts	126.38	121.34	4.2 %	93.77	90.52	3.6 %
Select Service Total / Average		61	8,534	62.1 %	59.8 %	2.3 Pts	120.68	120.73	– %	74.94	72.20	3.8 %
Sonesta ES Suites	Extended Stay	60	7,643	71.5 %	73.9 %	(2.4)Pts	131.59	127.09	3.5 %	94.09	93.92	0.2 %
Sonesta Simply Suites	Extended Stay	50	6,366	73.8 %	76.5 %	(2.7)Pts	90.55	85.83	5.5 %	66.83	65.66	1.8 %
Extended Stay Total / Average		110	14,009	72.5 %	75.1 %	(2.6)Pts	112.75	108.15	4.3 %	81.74	81.22	0.6 %
		219	37,429	67.7 %	67.4 %	0.3 Pts	\$ 143.38	\$ 140.06	2.4 %	\$ 97.07	\$ 94.40	2.8 %

All operating data presented are based upon the operating results provided by SVC's managers and tenants for the indicated periods. SVC has not independently verified its managers' or tenants' operating data.

Hotel Operating Statistics by Service Level - Comparable Hotels

Brand	Service Level	No. of Hotels	No. of Rooms or Suites	Occupancy			ADR			RevPAR		
				Six Months Ended June 30,			Six Months Ended June 30,			Six Months Ended June 30,		
				2023	2022	Change	2023	2022	Change	2023	2022	Change
Sonesta Hotels & Resorts	Full Service	22	7,149	62.6 %	59.9 %	2.7 Pts	\$ 154.48	\$ 151.74	1.8 %	\$ 96.70	\$ 90.89	6.4 %
Royal Sonesta	Full Service	17	5,663	55.5 %	48.4 %	7.1 Pts	243.26	232.60	4.6 %	135.01	112.58	19.9 %
Radisson Hotel	Full Service	5	1,149	65.1 %	63.8 %	1.3 Pts	148.94	132.73	12.2 %	96.96	84.68	14.5 %
Crowne Plaza	Full Service	1	495	63.9 %	52.4 %	11.5 Pts	140.18	128.02	9.5 %	89.58	67.08	33.5 %
Country Inn and Suites	Full Service	3	430	65.3 %	61.1 %	4.2 Pts	130.47	125.08	4.3 %	85.20	76.42	11.5 %
Full Service Total / Average		48	14,886	60.2 %	55.5 %	4.7 Pts	184.17	175.48	5.0 %	110.87	97.39	13.8 %
Sonesta Select	Select Service	44	6,427	54.7 %	49.0 %	5.7 Pts	118.57	115.08	3.0 %	64.86	56.39	15.0 %
Hyatt Place	Select Service	17	2,107	69.1 %	66.7 %	2.4 Pts	125.49	117.73	6.6 %	86.71	78.53	10.4 %
Select Service Total / Average		61	8,534	58.2 %	53.4 %	4.8 Pts	120.60	115.90	4.1 %	70.19	61.89	13.4 %
Sonesta ES Suites	Extended Stay	60	7,643	67.5 %	69.9 %	(2.4)Pts	129.96	121.21	7.2 %	87.72	84.73	3.5 %
Sonesta Simply Suites	Extended Stay	50	6,366	69.1 %	71.3 %	(2.2)Pts	90.69	82.94	9.3 %	62.67	59.14	6.0 %
Extended Stay Total / Average		110	14,009	68.2 %	70.6 %	(2.4)Pts	112.01	103.79	7.9 %	76.39	73.28	4.2 %
		219	37,429	62.7 %	60.7 %	2.0 Pts	\$ 141.25	\$ 132.01	7.0 %	\$ 88.56	\$ 80.13	10.5 %

All operating data presented are based upon the operating results provided by SVC's managers and tenants for the indicated periods. SVC has not independently verified its managers' or tenants' operating data.

Hotel Operating Statistics by Service Level - All Hotels⁽¹⁾

Brand	Service Level	No. of Hotels	No. of Rooms or Suites	Occupancy			ADR			RevPAR		
				Three Months Ended June 30,			Three Months Ended June 30,			Three Months Ended June 30,		
				2023	2022	Change	2023	2022	Change	2023	2022	Change
Sonesta Hotels & Resorts	Full Service	23	7,399	68.1 %	67.1 %	1.0 Pts	\$ 160.61	\$ 165.90	(3.2)%	\$ 109.38	\$ 111.32	(1.7)%
Royal Sonesta	Full Service	17	5,663	63.5 %	59.6 %	3.9 Pts	246.41	245.75	0.3 %	156.47	146.47	6.8 %
Radisson Hotel	Full Service	5	1,149	64.9 %	70.0 %	(5.1)Pts	145.01	137.48	5.5 %	94.11	96.24	(2.2)%
Crowne Plaza	Full Service	1	495	69.3 %	61.2 %	8.1 Pts	140.51	132.72	5.9 %	97.37	81.22	19.9 %
Country Inn and Suites	Full Service	3	430	74.4 %	69.8 %	4.6 Pts	135.91	138.36	(1.8)%	101.12	96.58	4.7 %
Full Service Total / Average		49	15,136	66.3 %	64.4 %	1.9 Pts	189.01	189.65	(0.3)%	125.31	122.13	2.6 %
Sonesta Select	Select Service	44	6,427	58.2 %	55.0 %	3.2 Pts	118.30	120.46	(1.8)%	68.85	66.25	3.9 %
Hyatt Place	Select Service	17	2,107	74.2 %	74.6 %	(0.4)Pts	126.38	121.34	4.2 %	93.77	90.52	3.6 %
Select Service Total / Average		61	8,534	62.1 %	59.8 %	2.3 Pts	120.68	120.73	– %	74.94	72.20	3.8 %
Sonesta ES Suites	Extended Stay	60	7,643	71.5 %	73.9 %	(2.4)Pts	131.59	127.09	3.5 %	94.09	93.92	0.2 %
Sonesta Simply Suites	Extended Stay	51	6,464	73.0 %	75.8 %	(2.8)Pts	90.55	85.83	5.5 %	66.10	65.06	1.6 %
Extended Stay Total / Average		111	14,107	72.2 %	74.7 %	(2.5)Pts	112.75	108.15	4.3 %	81.41	80.79	0.8 %
		221	37,777	67.6 %	67.2 %	0.4 Pts	\$ 144.32	\$ 141.77	1.8 %	\$ 97.56	\$ 95.27	2.4 %

All operating data presented are based upon the operating results provided by SVC's managers and tenants for the indicated periods. SVC has not independently verified its managers' or tenants' operating data.

(1) Results of all hotels owned as of June 30, 2023. Excludes the results of hotels sold during the periods presented and includes data for one hotel for periods prior to when SVC acquired it.

Hotel Operating Statistics by Service Level - All Hotels⁽¹⁾

Brand	Service Level	No. of Hotels	No. of Rooms or Suites	Occupancy Six Months Ended June 30,			ADR Six Months Ended June 30,			RevPAR Six Months Ended June 30,		
				2023	2022	Change	2023	2022	Change	2023	2022	Change
Sonesta Hotels & Resorts	Full Service	23	7,399	62.7 %	59.8 %	2.9 Pts	\$ 161.73	\$ 162.18	(0.3)%	\$ 101.40	\$ 96.98	4.6 %
Royal Sonesta	Full Service	17	5,663	55.5 %	48.4 %	7.1 Pts	243.26	232.60	4.6 %	135.01	112.58	19.9 %
Radisson Hotel	Full Service	5	1,149	65.1 %	63.8 %	1.3 Pts	148.94	132.73	12.2 %	96.96	84.68	14.5 %
Crowne Plaza	Full Service	1	495	63.9 %	52.4 %	11.5 Pts	140.18	128.02	9.5 %	89.58	67.08	33.5 %
Country Inn and Suites	Full Service	3	430	65.3 %	61.1 %	4.2 Pts	130.47	125.08	4.3 %	85.20	76.42	11.5 %
Full Service Total / Average		49	15,136	60.3 %	55.6 %	4.7 Pts	187.29	180.46	3.8 %	112.94	100.34	12.6 %
Sonesta Select	Select Service	44	6,427	54.7 %	49.0 %	5.7 Pts	118.57	115.08	3.0 %	64.86	56.39	15.0 %
Hyatt Place	Select Service	17	2,107	69.1 %	66.7 %	2.4 Pts	125.49	117.73	6.6 %	86.71	78.53	10.4 %
Select Service Total / Average		61	8,534	58.2 %	53.4 %	4.8 Pts	120.60	115.90	4.1 %	70.19	61.89	13.4 %
Sonesta ES Suites	Extended Stay	60	7,643	67.5 %	69.9 %	(2.4)Pts	129.96	121.21	7.2 %	87.72	84.73	3.5 %
Sonesta Simply Suites	Extended Stay	51	6,464	68.4 %	70.5 %	(2.1)Pts	90.69	82.94	9.3 %	62.03	58.47	6.1 %
Extended Stay Total / Average		111	14,107	67.9 %	70.2 %	(2.3)Pts	112.01	103.79	7.9 %	76.05	72.86	4.4 %
		221	37,777	62.7 %	60.6 %	2.1 Pts	\$ 142.74	\$ 134.11	6.4 %	\$ 89.50	\$ 81.27	10.1 %

All operating data presented are based upon the operating results provided by SVC's managers and tenants for the indicated periods. SVC has not independently verified its managers' or tenants' operating data.

(1) Results of all hotels owned as of June 30, 2023. Excludes the results of hotels sold during the periods presented and includes data for one hotel for periods prior to when SVC acquired it.

Net Lease Portfolio by Brand

As of June 30, 2023

(dollars in thousands)

Brand	Properties	Square Feet	Investment	Percent of Total Investment	Annualized Minimum Rent	Percent of Total Annualized Minimum Rent	Rent Coverage
1. TravelCenters of America Inc.	132	3,620,301	\$ 2,258,977	44.5 %	\$ 173,403	46.1 %	2.77x
2. Petro Stopping Centers	44	1,445,004	1,015,156	20.0 %	80,597	21.4 %	2.35x
3. The Great Escape	14	542,666	98,242	1.9 %	7,711	2.1 %	6.20x
4. Life Time Fitness	3	420,335	92,617	1.8 %	5,770	1.5 %	2.35x
5. AMC Theatres	8	401,403	77,733	1.5 %	5,254	1.4 %	1.43x
6. Buehler's Fresh Foods	5	502,727	76,469	1.5 %	5,657	1.5 %	3.24x
7. Heartland Dental	59	234,274	61,120	1.2 %	4,699	1.3 %	4.24x
8. Norms	10	63,490	53,673	1.1 %	3,693	1.0 %	2.68x
9. Express Oil Change	23	83,825	49,724	1.0 %	3,717	1.0 %	4.32x
10. Pizza Hut	40	167,366	45,285	0.9 %	3,401	0.9 %	2.11x
11. Flying J Travel Plaza	3	48,069	41,681	0.8 %	3,247	0.9 %	6.40x
12. Courthouse Athletic Club	4	193,659	39,688	0.8 %	1,878	0.5 %	1.27x
13. America's Auto Auction	6	72,338	38,314	0.8 %	3,216	0.9 %	5.88x
14. Fleet Farm	1	218,248	37,802	0.7 %	2,728	0.7 %	1.75x
15. B&B Theatres	4	261,300	37,619	0.7 %	1,930	0.5 %	1.02x
16. Big Al's	2	111,912	35,214	0.7 %	2,336	0.6 %	1.55x
17. Regal Cinemas	5	223,846	34,953	0.7 %	1,958	0.5 %	1.56x
18. Hardee's	19	62,792	31,844	0.6 %	2,158	0.6 %	1.52x
19. Martin's	16	81,909	31,144	0.6 %	2,252	0.6 %	1.65x
20. Burger King	18	59,106	30,730	0.6 %	1,873	0.5 %	3.25x
21. Arby's	19	57,868	29,234	0.6 %	1,731	0.5 %	6.20x
22. Crème de la Crème	4	81,929	29,131	0.6 %	2,429	0.6 %	1.05x
23. Mister Car Wash	5	41,456	28,658	0.6 %	2,214	0.6 %	3.05x
24. Popeye's	20	45,708	28,434	0.6 %	1,983	0.5 %	5.20x
25. Church's Chicken	32	43,399	26,326	0.5 %	1,699	0.5 %	3.69x
26. Other ⁽¹⁾	267	4,384,548	750,964	14.7 %	48,247	12.8 %	3.91x
Total	763	13,469,478	\$ 5,080,732	100.0 %	\$ 375,781	100.0 %	2.94x



(1) Consists of 109 distinct brands with an average investment of \$2,813 per property.

Net Lease Portfolio by Industry

As of June 30, 2023

(dollars in thousands)

Industry	No. of Properties	Square Feet	Investment	Percent of Total Investment	Annualized Minimum Rent	Percent of Total Annualized Minimum Rent	Rent Coverage
1. Travel Centers	179	5,113,374	\$ 3,315,814	65.4%	\$ 257,248	68.5%	2.69x
2. Restaurants-Quick Service	213	682,557	290,151	5.7%	19,727	5.2%	3.22x
3. Health and Fitness	13	873,258	186,362	3.7%	11,026	2.9%	2.00x
4. Restaurants-Casual Dining	51	399,792	184,262	3.6%	11,465	3.0%	2.73x
5. Movie Theaters	18	935,581	160,055	3.2%	9,742	2.6%	1.52x
6. Grocery Stores	19	1,020,819	129,152	2.5%	9,223	2.5%	3.76x
7. Home Goods and Leisure	20	628,864	120,708	2.4%	9,699	2.6%	5.55x
8. Automotive Equipment and Services	64	463,492	107,054	2.1%	7,691	2.0%	4.34x
9. Medical, Dental Office	70	372,171	103,849	2.0%	8,362	2.2%	2.95x
10. Automotive Dealers	8	177,433	62,651	1.2%	4,964	1.3%	5.41x
11. Entertainment	4	199,853	61,436	1.2%	4,319	1.1%	2.97x
12. Educational Services	9	220,758	55,319	1.1%	4,462	1.2%	1.40x
13. General Merchandise Stores	3	326,650	52,687	1.0%	3,672	1.0%	2.53x
14. Building Materials	30	519,826	35,816	0.7%	3,033	0.8%	6.87x
15. Car Washes	5	41,456	28,658	0.6%	2,214	0.6%	3.05x
16. Miscellaneous Manufacturing	4	434,885	19,686	0.4%	1,360	0.4%	17.04x
17. Drug Stores and Pharmacies	7	67,423	19,251	0.4%	1,258	0.3%	0.55x
18. Sporting Goods	3	120,847	17,742	0.3%	1,092	0.3%	5.55x
19. Legal Services	5	25,429	11,362	0.2%	1,054	0.3%	2.42x
20. Dollar Stores	3	27,593	2,971	0.1%	189	0.1%	2.61x
21. Other ⁽¹⁾	5	211,465	27,244	0.5%	3,981	1.1%	5.90x
22. Vacant	30	605,952	88,502	1.7%	–	–%	–x
Total	763	13,469,478	\$ 5,080,732	100.0%	\$ 375,781	100.0%	2.94x



(1) Consists of miscellaneous businesses with an average investment of \$5,449 per property.

Net Lease Portfolio by Tenant (Top 10)

As of June 30, 2023

(dollars in thousands)

Tenant	Brand Affiliation	No. of Properties	Square Feet	Investment	Percent of Total Investment	Annualized Minimum Rent	Percent of Total Annualized Minimum Rent	Weighted Average Lease Term	Rent Coverage
1. TravelCenters of America Inc. ⁽¹⁾	TravelCenters of America / Petro Stopping Centers	176	5,065,305	\$ 3,274,133	64.4 %	\$ 254,000	67.6 %	9.9	2.64x
2. Universal Pool Co., Inc.	The Great Escape	14	542,666	98,242	1.9 %	7,711	2.1 %	4.2	6.20x
3. Healthy Way of Life II, LLC	Life Time Fitness	3	420,335	92,617	1.8 %	5,770	1.5 %	12.0	2.35x
4. American Multi-Cinema, Inc.	AMC Theatres	8	401,403	77,733	1.5 %	5,254	1.4 %	3.2	1.43x
5. Styx Acquisition, LLC	Buehler's Fresh Foods	5	502,727	76,469	1.5 %	5,657	1.5 %	12.4	3.24x
6. Development, Inc.	Heartland Dental	59	234,274	61,120	1.2 %	4,699	1.3 %	2.8	4.24x
7. Norms Restaurants, LLC	Norms	10	63,490	53,673	1.1 %	3,693	1.0 %	22.0	2.68x
8. Express Oil Change, L.L.C.	Express Oil Change	23	83,825	49,724	1.0 %	3,717	1.0 %	11.8	4.32x
9. Pilot Travel Centers LLC	Flying J Travel Plaza	3	48,069	41,681	0.8 %	3,247	0.9 %	5.5	6.40x
10. Capitol Racquet Sports, Inc.	Courthouse Athletic Club	4	193,659	39,688	0.8 %	1,878	0.5 %	18.1	1.27x
Sub-total, Top 10		305	7,555,753	3,865,080	76.0 %	295,626	78.8 %	9.8	2.80x
11. Other ⁽²⁾	Various	458	5,913,725	1,215,652	24.0 %	80,155	21.2 %	7.3	3.47x
Total		763	13,469,478	\$ 5,080,732	100.0 %	\$ 375,781	100.0 %	9.3	2.94x

(1) TA is SVC's largest tenant. As of June 30, 2023, SVC leased 176 travel centers (132 under the TravelCenters of America brand and 44 under the Petro Stopping Centers brand) to a subsidiary of TA under five master leases that expire in 2033. BP Corporation North America Inc. guarantees payment under each of the five master leases, limited by an initial aggregate cap of approximately \$3,040,000.

(2) Consists of 163 tenants with an average investment of \$2,654 per property.

Net Lease Portfolio - Expiration Schedule

As of June 30, 2023

(dollars in thousands)

Year ⁽¹⁾	Square Feet	Annualized Minimum Rent Expiring	Percent of Total Annualized Minimum Rent Expiring	Cumulative Percent of Total Annualized Minimum Rent Expiring
2023	93,458	\$ 838	0.2%	0.2%
2024	762,282	9,768	2.6%	2.8%
2025	436,038	8,973	2.4%	5.2%
2026	1,134,371	11,994	3.2%	8.4%
2027	936,889	12,394	3.3%	11.7%
2028	710,279	11,628	3.1%	14.8%
2029	273,422	6,105	1.6%	16.4%
2030	138,590	4,175	1.1%	17.5%
2031	365,524	4,597	1.2%	18.7%
2032	143,954	2,984	0.8%	19.5%
2033	5,263,701	258,382	68.8%	88.3%
2034	144,247	4,533	1.2%	89.5%
2035	1,089,282	18,713	5.1%	94.6%
2036	297,074	5,210	1.4%	96.0%
2037	296,403	2,396	0.6%	96.6%
2038	66,700	1,191	0.3%	96.9%
2039	134,901	3,219	0.9%	97.8%
2040	115,142	2,406	0.6%	98.4%
2041	223,043	2,302	0.6%	99.0%
2042	—	—	—%	99.0%
2043	57,543	155	—%	99.0%
2044	83,635	125	—%	99.0%
2045	63,490	3,693	1.0%	100.0%
Total	12,829,968	\$ 375,781	100.0%	
Weighted Average Lease Term	8.4 years	9.3 years		



2942 Carlson Drive
Hammond, IN

(1) The year of lease expiration is pursuant to contract terms.

Net Lease Portfolio - Occupancy Summary

As of June 30, 2023

	As of and For the Three Months Ended				
	6/30/2023	3/31/2023	12/31/2022	9/30/2022	6/30/2022
Properties (end of period)	763	765	765	769	775
Vacant properties beginning of period	27	23	21	17	29
Vacant property sales / leased	(2)	(1)	(1)	(7)	(12)
Lease terminations	5	5	3	11	—
Vacant properties end of the period	<u>30</u>	<u>27</u>	<u>23</u>	<u>21</u>	<u>17</u>
Percentage of properties leased	96.1 %	96.5 %	97.0 %	97.3 %	97.8 %

10642 S. Memorial Drive
Bixby, OK



Appendix



The Company:

Service Properties Trust, or SVC, is a real estate investment trust, or REIT, that owns hotels and service-focused retail net lease properties throughout the United States and in Puerto Rico and Canada. SVC is included in 175 market indices and comprises more than 1% of the following indices as of June 30, 2023: Bloomberg Reit Hotels Index (BBREHOTL), Invesco S&P SmallCap Financials ETF INAV Index (PSCFIV) and Hoya Capital High Dividend Yield Index (GTR) (RIET).

Management:

SVC is managed by The RMR Group (Nasdaq: RMR). RMR is an alternative asset management company that is focused on commercial real estate and related businesses. As of June 30, 2023, RMR had approximately \$36 billion of real estate assets under management and the combined RMR managed companies had more than \$5 billion of annual revenues, over 2,000 properties and over 20,000 employees. SVC believes that being managed by RMR is a competitive advantage for SVC because of RMR's depth of management and experience in the real estate industry. SVC also believes RMR provides management services to it at costs that are lower than SVC would have to pay for similar quality services if SVC were self-managed.

Equity Research Coverage

B. Riley Securities, Inc.

Bryan Maher
bmaher@brileyfin.com
(646) 885-5423

Wells Fargo Securities

Dori Kesten
(617) 603-4233
dori.kestn@wellsfargo.com

Rating Agencies and Issuer Ratings

Moody's Investors Service

Reed Valutas
(212) 553-4169

B2 (Outlook: Negative)/B1*

*B1 rating assigned to guaranteed Senior Unsecured Notes.

Oppenheimer & Co. Inc.

Tyler Batory
(212) 667-7230
tyler.batory@opco.com

S&P Global

Alan Zigman
(416) 507-2556
alan.zigman@spglobal.com

B+ (Outlook Negative)/BB*

*BB rating assigned to guaranteed Senior Unsecured Notes.

SVC is followed by the analysts and its credit is rated by the rating agencies listed on this page. Please note that any opinions, estimates or forecasts regarding SVC's performance made by these analysts or agencies do not represent opinions, forecasts or predictions of SVC or its management. SVC does not by its reference above imply its endorsement of or concurrence with any information, conclusions or recommendations provided by any of these analysts or agencies.

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Laurie B. Burns
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Todd W. Hargreaves
President and Chief Investment Officer

Brian E. Donley
Chief Financial Officer and Treasurer

**Royal Sonesta Kaua'i Resort
Lihue, HI**



Non-GAAP Financial Measures

SVC presents certain “non-GAAP financial measures” within the meaning of the applicable Securities and Exchange Commission, or SEC, rules, including FFO, Normalized FFO, EBITDA, Hotel EBITDA, EBITDAre and Adjusted EBITDAre. These measures do not represent cash generated by operating activities in accordance with GAAP and should not be considered alternatives to net (loss) income as indicators of SVC's operating performance or as measures of its liquidity. These measures should be considered in conjunction with net (loss) income as presented in SVC's condensed consolidated statements of income (loss). SVC considers these non-GAAP measures to be appropriate supplemental measures of operating performance for a REIT, along with net (loss) income. SVC believes these measures provide useful information to investors because by excluding the effects of certain historical amounts, such as depreciation and amortization expense, they may facilitate a comparison of its operating performance between periods and with other REITs and, in the case of Hotel EBITDA, reflecting only those income and expense items that are generated and incurred at the hotel level may help both investors and management to understand the operations of its hotels.

FFO and Normalized FFO: SVC calculates funds from operations, or FFO, and Normalized FFO as shown on [page 35](#). FFO is calculated on the basis defined by The National Association of Real Estate Investment Trusts, or Nareit, which is net (loss) income, calculated in accordance with GAAP, excluding any gain or loss on sale of properties and loss on impairment of real estate assets, if any, plus real estate depreciation and amortization, less any gains and losses on equity securities, as well as adjustments to reflect SVC's share of FFO attributable to an investee and certain other adjustments currently not applicable to SVC. In calculating Normalized FFO, SVC adjusts for the items shown on [page 35](#). FFO and Normalized FFO are among the factors considered by SVC's Board of Trustees when determining the amount of distributions to SVC's shareholders. Other factors include, but are not limited to, requirements to satisfy its REIT distribution requirements, the availability to SVC of debt and equity capital, SVC's distribution rate as a percentage of the trading price of its common shares, or dividend yield, and to the dividend yield of other REITs, SVC's expectation of its future capital requirements and operating performance and its expected needs for and availability of cash to pay its obligations. Other real estate companies and REITs may calculate FFO and Normalized FFO differently than SVC does.

EBITDA, EBITDAre and Adjusted EBITDAre: SVC calculates earnings before interest, taxes, depreciation and amortization, or EBITDA, EBITDA for real estate, or EBITDAre, and Adjusted EBITDAre as shown on [page 36](#). EBITDAre is calculated on the basis defined by Nareit, which is EBITDA, excluding gains and losses on the sale of real estate, loss on impairment of real estate assets, if any, and adjustments to reflect SVC's share of EBITDAre attributable to an investee. In calculating Adjusted EBITDAre, SVC adjusts for the items shown on [page 36](#). Other real estate companies and REITs may calculate EBITDA, EBITDAre and Adjusted EBITDAre differently than SVC does.

Hotel EBITDA: SVC calculates Hotel EBITDA as hotel operating revenues less hotel operating expenses of all managed and leased hotels, prior to any adjustments required for presentation in its condensed consolidated statements of income (loss) in accordance with GAAP. SVC believes that Hotel EBITDA provides useful information to management and investors as a key measure of the profitability of its hotel operations.

Other Definitions

Adjusted Total Assets and Total Unencumbered Assets: Adjusted total assets and total unencumbered assets include original cost of real estate assets calculated in accordance with GAAP before impairment write-downs, if any, and exclude depreciation and amortization, accounts receivable and intangible assets.

Annualized Dividend Yield: Annualized dividend yield is the annualized dividend paid during the period divided by the closing price of SVC's common shares at the end of the period.

Annualized Minimum Rent: Generally, SVC's lease agreements with its net lease tenants require payment of minimum rent to SVC. Certain of these minimum rent payment amounts are secured by full or limited guarantees. Annualized minimum rent represents cash amounts and excludes adjustments, if any, necessary to record scheduled rent changes on a straight line basis or any expense reimbursements. Annualized minimum rent for TA excludes the impact of rents prepaid by TA.

Average Daily Rate: ADR represents rooms revenue divided by the total number of room nights sold in a given period. ADR provides useful insight on pricing at SVC's hotels and is a measure widely used in the hotel industry.

Chain Scale: As characterized by STR Global Limited, a data benchmark and analytics provider for the lodging industry.

Comparable Hotels Data: SVC presents RevPAR, ADR and occupancy for the periods presented on a comparable basis to facilitate comparisons between periods. SVC generally defines comparable hotels as those that it owned on June 30, 2023 and were open and operating since the beginning of the earliest period being compared. For the periods presented, SVC's comparable results excluded two hotels, one of which was not owned for the entirety of the periods and the other of which had suspended operations during part of the periods presented.

Consolidated Income Available for Debt Service: Consolidated income available for debt service, as defined in SVC's debt agreements, is earnings from operations excluding interest expense, unrealized gains and losses on equity securities, depreciation and amortization, loss on asset impairment, unrealized appreciation on assets held for sale, gains and losses on early extinguishment of debt, gains and losses on sales of property and amortization of deferred charges.

Debt: Debt amounts reflect the principal balance as of the date reported. Net debt means total debt less unrestricted cash and cash equivalents as of the date reported.

Equity Research Coverage / Ratings Agencies: SVC is followed by the analysts and its publicly held debt is rated by the rating agencies listed on [page 31](#). Please note that any opinions, estimates or forecasts regarding SVC's performance made by these analysts or agencies do not represent opinions, forecasts or predictions of SVC or its management. SVC does not by its reference above imply its endorsement of or concurrence with any information, conclusions or recommendations provided by any of these analysts or agencies.

FF&E Reserve: Various percentages of total sales at certain of SVC's hotels are escrowed as reserves for future renovations or refurbishments, or FF&E Reserve escrows. SVC owns all the FF&E reserve escrows for its hotels.

FF&E Reserve Deposits Not Funded by Hotel Operations: The operating agreements for SVC's hotels generally provide that, if necessary, SVC will provide FF&E funding in excess of escrowed reserves. To the extent SVC makes such fundings, its contractual owner's priority returns or rents generally increase by a percentage of the amounts it funds.

Gross Book Value of Real Estate Assets: Gross book value of real estate assets is real estate properties at cost plus acquisition related costs, if any, before purchase price allocations, less impairment write-downs, if any.

Hotel EBITDA Margin: Hotel EBITDA as a percentage of hotel operating revenues.

Investment: SVC defines hotel investment as historical cost of its properties plus capital improvements funded by it less impairment write-downs, if any, and excludes capital improvements made from FF&E reserves funded from hotel operations that do not result in increases in owner's priority return or rents.

SVC defines net lease investment as historical cost of its properties plus capital improvements funded by SVC less impairment write-downs, if any.

Occupancy: Occupancy represents the total number of room nights sold divided by the total number of room nights available at a hotel or group of hotels, and represents occupied properties as of the end of the period shown for net lease properties. Occupancy is an important measure of the utilization rate and demand of SVC's properties.

Owner's Priority Return: Each of its management agreements or leases with hotel operators provides for payment to SVC of an annual owner's priority return or minimum rent, respectively. Certain of these minimum payment amounts are secured by full or limited guarantees. In addition, certain of its hotel management agreements provide for payment to SVC of additional amounts to the extent of available cash flows as defined in the management agreement. Payments of these additional amounts are not guaranteed.

Rent Coverage: SVC defines rent coverage as earnings before interest, taxes, depreciation, amortization and rent, or EBITDAR, divided by the annual minimum rent due to SVC weighted by the minimum rent of the property to total minimum rents of the net lease portfolio. Tenants with no minimum rent required under the lease are excluded. EBITDAR amounts used to determine rent coverage are generally for the latest twelve month period, based on the most recent operating information, if any, furnished by the tenant. Operating statements furnished by the tenant often are unaudited and, in certain cases, may not have been prepared in accordance with GAAP and are not independently verified by SVC. In instances where SVC does not have tenant financial information, it calculates an implied coverage ratio for the period based on other tenants with available financial statements operating the same brand or within the same industry. As a result, SVC believes using this implied coverage metric provides a more reasonable estimated representation of recent operating results and the financial condition for those tenants.

Revenue per Available Room: RevPAR represents rooms revenue divided by the total number of room nights available to guests for a given period. RevPAR is an industry metric correlated to occupancy and ADR and helps measure revenue performance over comparable periods.

SOFR: SOFR is the secured overnight financing rate.

Total Gross Assets: Total gross assets is total assets plus accumulated depreciation.

Calculation of FFO and Normalized FFO

(amounts in thousands, except per share data)

	For the Three Months Ended					For the Six Months Ended	
	6/30/2023	3/31/2023	12/31/2022	9/30/2022	6/30/2022	6/30/2023	6/30/2022
Net (loss) income	\$ (11,278)	\$ 25,950	\$ (31,409)	\$ 7,500	\$ 11,350	\$ 14,672	\$ (108,472)
Add (Less):							
Depreciation and amortization	94,571	100,039	94,961	101,514	100,520	194,610	204,633
Loss on asset impairment, net ⁽⁵⁾	9,005	–	1,269	1,172	3,048	9,005	8,548
Loss (gain) on sale of real estate, net ⁽⁶⁾	62	(41,898)	(3,583)	164	(38,851)	(41,836)	(44,399)
Loss (gain) on equity securities, net ⁽⁷⁾	593	(49,430)	10,841	(23,056)	10,059	(48,837)	20,319
Adjustments to reflect SVC's share of FFO attributable to an investee ⁽⁸⁾	798	1,233	1,049	1,103	905	2,031	1,571
FFO	93,751	35,894	73,128	88,397	87,031	129,645	82,200
Add (Less):							
Loss on early extinguishment of debt ⁽⁸⁾	238	44	–	–	791	282	791
Adjustments to reflect SVC's share of Normalized FFO attributable to an investee ⁽⁹⁾	207	321	138	61	593	528	838
Transaction related costs ⁽⁴⁾	931	887	–	–	743	1,818	1,920
Normalized FFO	\$ 95,127	\$ 37,146	\$ 73,266	\$ 88,458	\$ 89,158	\$ 132,273	\$ 85,749
Weighted average shares outstanding (basic and diluted)	164,902	164,867	164,862	164,745	164,667	164,884	164,672
Basic and diluted per share common share amounts:							
Net (loss) income	\$ (0.07)	\$ 0.16	\$ (0.19)	\$ 0.05	\$ 0.07	\$ 0.09	\$ (0.66)
FFO	\$ 0.57	\$ 0.22	\$ 0.44	\$ 0.54	\$ 0.53	\$ 0.79	\$ 0.50
Normalized FFO	\$ 0.58	\$ 0.23	\$ 0.44	\$ 0.54	\$ 0.54	\$ 0.80	\$ 0.52

See accompanying notes on [page 39](#).

Calculation of EBITDA, EBITDAre and Adjusted EBITDAre

(dollars in thousands)

	For the Three Months Ended						For the Six Months Ended	
	6/30/2023	3/31/2023	12/31/2022	9/30/2022	6/30/2022	6/30/2023	6/30/2022	
Net (loss) income	\$ (11,278)	\$ 25,950	\$ (31,409)	\$ 7,500	\$ 11,350	\$ 14,672	\$ (108,472)	
Add (Less): Interest expense	82,503	81,580	77,891	81,740	89,820	164,083	182,164	
Income tax expense (benefit)	5,247	(3,780)	(1,757)	390	473	1,467	1,168	
Depreciation and amortization	94,571	100,039	94,961	101,514	100,520	194,610	204,633	
EBITDA	171,043	203,789	139,686	191,144	202,163	374,832	279,493	
Add (Less): Loss on asset impairment, net ⁽⁵⁾	9,005	–	1,269	1,172	3,048	9,005	8,548	
Loss (gain) on sale of real estate, net ⁽⁶⁾	62	(41,898)	(3,583)	164	(38,851)	(41,836)	(44,399)	
Adjustments to reflect SVC's share of EBITDAre attributable to an investee ⁽⁹⁾	2,275	2,614	2,340	2,787	2,074	4,889	2,754	
EBITDAre	182,385	164,505	139,712	195,267	168,434	346,890	246,396	
Add (less): Loss (gain) on equity securities, net ⁽⁷⁾	593	(49,430)	10,841	(23,056)	10,059	(48,837)	20,319	
Loss on early extinguishment of debt ⁽⁸⁾	238	44	–	–	791	282	791	
Adjustments to reflect SVC's share of Adjusted EBITDAre attributable to an investee ⁽⁹⁾	207	321	(529)	272	1,014	528	1,294	
Transaction related costs ⁽⁴⁾	931	887	–	–	743	1,818	1,920	
General and administrative expense paid in common shares ⁽¹⁰⁾	970	514	510	972	832	1,484	1,294	
Adjusted EBITDAre	\$ 185,324	\$ 116,841	\$ 150,534	\$ 173,455	\$ 181,873	\$ 302,165	\$ 272,014	

See accompanying notes on [page 39](#).

Calculation and Reconciliation of Hotel EBITDA - Comparable Hotels

(dollars in thousands)

	For the Three Months Ended					For the Six Months Ended	
	6/30/2023	3/31/2023	12/31/2022	9/30/2022	6/30/2022	6/30/2023	6/30/2022
Number of hotels	219	219	219	219	219	235	235
Room revenues	\$ 328,538	\$ 268,045	\$ 273,896	\$ 320,563	\$ 318,037	\$ 596,583	\$ 535,313
Food and beverage revenues	52,567	41,909	45,341	41,985	43,509	94,476	68,562
Other revenues	21,833	17,042	15,893	16,174	17,001	38,875	29,168
Hotel operating revenues - comparable hotels	402,938	326,996	335,130	378,722	378,547	729,934	633,043
Rooms expenses	100,527	88,383	89,952	98,440	94,138	188,910	168,015
Food and beverage expenses	38,964	34,337	34,677	33,880	31,645	73,301	54,016
Other direct and indirect expenses	127,589	124,612	118,534	123,288	121,234	252,201	227,552
Management fees	15,370	12,651	12,876	14,695	14,594	28,021	24,718
Real estate taxes, insurance and other	25,353	30,162	23,942	28,990	28,404	55,515	59,030
FF&E Reserves ⁽¹¹⁾	1,737	1,554	1,459	1,685	1,680	3,291	2,902
Hotel operating expenses - comparable hotels	309,540	291,699	281,440	300,978	291,695	601,239	536,233
Hotel EBITDA	<u>\$ 93,398</u>	<u>\$ 35,297</u>	<u>\$ 53,690</u>	<u>\$ 77,744</u>	<u>\$ 86,852</u>	<u>\$ 128,695</u>	<u>\$ 96,810</u>
Hotel EBITDA Margin	23.2 %	10.8 %	16.0 %	20.5 %	22.9 %	17.6 %	15.3 %
Hotel operating revenues (GAAP) ⁽¹⁾	\$ 404,327	\$ 334,796	\$ 350,501	\$ 400,453	\$ 418,984	\$ 739,123	\$ 716,390
Add (less)							
Hotel operating revenues from non-comparable hotels	(1,389)	(7,800)	(15,371)	(21,731)	(40,437)	(9,189)	(83,347)
Hotel operating revenues - comparable hotels	<u>\$ 402,938</u>	<u>\$ 326,996</u>	<u>\$ 335,130</u>	<u>\$ 378,722</u>	<u>\$ 378,547</u>	<u>\$ 729,934</u>	<u>\$ 633,043</u>
Hotel operating expenses (GAAP) ⁽¹⁾	\$ 309,100	\$ 299,566	\$ 293,554	\$ 318,266	\$ 325,194	\$ 608,666	\$ 615,537
Add (less)							
Hotel operating expenses from non-comparable hotels	(1,643)	(10,377)	(14,194)	(19,594)	(35,800)	(12,020)	(83,448)
Reduction for security deposit and guaranty fundings, net ⁽³⁾	(195)	335	–	–	–	140	–
Management and incentive management fees paid from cash flows in excess of minimum returns and rents	(80)	–	–	–	–	(80)	–
FF&E Reserves from managed hotel operations ⁽¹¹⁾	1,737	1,554	1,459	1,685	1,680	3,291	2,902
Other ⁽¹²⁾	621	621	621	621	621	1,242	1,242
Hotel operating expenses - comparable hotels	<u>\$ 309,540</u>	<u>\$ 291,699</u>	<u>\$ 281,440</u>	<u>\$ 300,978</u>	<u>\$ 291,695</u>	<u>\$ 601,239</u>	<u>\$ 536,233</u>

See accompanying notes on [page 39](#).

Calculation and Reconciliation of Hotel EBITDA - All Hotels*

(dollars in thousands)

	For the Three Months Ended					For the Six Months Ended	
	6/30/2023	3/31/2023	12/31/2022	9/30/2022	6/30/2022	6/30/2023	6/30/2022
Number of hotels	221	220	238	242	247	221	247
Room revenues	\$ 329,484	\$ 275,267	\$ 288,082	\$ 341,106	\$ 357,117	\$ 604,751	\$ 615,737
Food and beverage revenues	52,837	42,245	45,968	42,636	44,256	95,082	70,158
Other revenues	22,006	17,284	16,451	16,711	17,611	39,290	30,495
Hotel operating revenues	<u>404,327</u>	<u>334,796</u>	<u>350,501</u>	<u>400,453</u>	<u>418,984</u>	<u>739,123</u>	<u>716,390</u>
Rooms expenses	100,935	91,300	93,067	104,761	106,982	192,235	195,725
Food and beverage expenses	39,282	34,750	35,248	34,497	32,333	74,032	55,567
Other direct and indirect expenses	126,360	128,202	124,396	130,470	136,099	254,562	263,116
Management fees	14,855	12,143	12,450	14,362	15,240	26,998	26,572
Real estate taxes, insurance and other	28,014	34,128	29,014	34,797	35,161	62,142	75,799
FF&E Reserves ⁽¹¹⁾	1,737	1,992	2,252	2,622	3,172	3,729	4,394
Hotel operating expenses	<u>311,183</u>	<u>302,515</u>	<u>296,427</u>	<u>321,509</u>	<u>328,987</u>	<u>613,698</u>	<u>621,173</u>
Hotel EBITDA	<u>\$ 93,144</u>	<u>\$ 32,281</u>	<u>\$ 54,074</u>	<u>\$ 78,944</u>	<u>\$ 89,997</u>	<u>\$ 125,425</u>	<u>\$ 95,217</u>
Hotel EBITDA Margin	23.0 %	9.6 %	15.4 %	19.7 %	21.5 %	17.0 %	13.3 %
Hotel operating expenses (GAAP) ⁽¹⁾	\$ 309,100	\$ 299,566	\$ 293,554	\$ 318,266	\$ 325,194	\$ 608,666	\$ 615,537
Add (less)							
Reduction for security deposit and guaranty fundings, net ⁽³⁾	(195)	335	–	–	–	140	–
Management and incentive management fees paid from cash flows in excess of minimum returns and rents	(80)	–	–	–	–	(80)	–
FF&E Reserves from managed hotel operations ⁽¹¹⁾	1,737	1,993	2,252	2,622	3,172	3,729	4,394
Other ⁽¹²⁾	621	621	621	621	621	1,242	1,242
Hotel operating expenses	<u>\$ 311,183</u>	<u>\$ 302,515</u>	<u>\$ 296,427</u>	<u>\$ 321,509</u>	<u>\$ 328,987</u>	<u>\$ 613,697</u>	<u>\$ 621,173</u>

* Results of all hotels as owned during the periods presented, including the results of hotels sold by SVC for the periods owned by SVC.

See accompanying notes on [page 39](#).

Notes to Condensed Consolidated Statements of Income (Loss) and Calculations of FFO, Normalized FFO, EBITDA, EBITDAre, Adjusted EBITDAre and Hotel EBITDA



(dollars in thousands)

- (1) As of June 30, 2023, SVC owned 221 hotels. SVC's condensed consolidated statements of income (loss) include hotel operating revenues and expenses of its managed hotels.
- (2) SVC increased rental income by \$2,767 and reduced rental income by \$1,712 for the three months ended June 30, 2023 and 2022, respectively, and increased rental income by \$319 and \$3,685 for the six months ended June 30, 2023 and 2022, respectively, to record scheduled rent changes under certain of its leases on a straight line basis.
- (3) When managers of SVC's hotels are required to fund the shortfalls of owner's priority return under the terms of the management agreements or their guarantees, SVC reflects such fundings in its condensed consolidated statements of income (loss) as a reduction of hotel operating expenses. When these shortfalls are replenished by cash flows from the applicable hotel operations in excess of the owner's priority return due, SVC reflects such such replenishment in its condensed consolidated statements of income (loss) as an increase to hotel operating expenses. The net increase to hotel operating expenses was \$195 for the three months ended June 30, 2023 and the net reduction to hotel operating expenses was \$140 for the six months ended June 30, 2023 to reflect these changes. There were no adjustments to hotel operating expenses during the three months and six months ended June 30, 2023 and 2022.
- (4) Transaction related costs for the three and six months ended June 30, 2023 of \$931 and 1,818, respectively, primarily consisted of hotel rebranding activity and the demolition of certain vacant properties. Transaction related costs for the three months ended June 30, 2022 of \$743 primarily consisted of costs related to potential financing transactions. Transaction related costs for the three months ended March 31, 2022 of \$1,177 primarily consisted of expenses related to SVC's hotel rebranding activities.
- (5) SVC recorded a loss on asset impairment of \$9,005 to reduce the carrying value of 16 net lease properties to their estimated fair value less costs to sell during the three months ended June 30, 2023, \$1,269 to reduce the carrying value of one hotel and one net lease property to their estimated fair value less costs to sell during the three months ended December 31, 2022, \$1,172 to reduce the carrying value of three hotels and one net lease property to their estimated fair value less costs to sell during the three months ended September 30, 2022, and \$3,048 to reduce the carrying value of two hotels and four net lease properties to their estimated fair value less costs to sell during the three months ended June 30, 2022.
- (6) SVC recorded a \$62 net loss on sale of real estate during the three months ended June 30, 2023 in connection with the sale of two net lease properties, a \$41,898 net gain on sale of real estate during the three months ended March 31, 2023 in connection with the sale of 18 hotels, a \$3,583 net gain on sale of real estate during the three months ended December 31, 2022 in connection with the sale of four hotels and two net lease properties, a \$164 net loss on sale of real estate during the three months ended September 30, 2022 in connection with the sale of five hotels and six net lease properties, and a \$38,851 net gain on sale of real estate during the three months ended June 30, 2022 in connection with the sale of 51 hotels and 11 net lease properties.
- (7) Gain or loss on equity securities, net represents the adjustment required to adjust the carrying value of SVC's former investment in shares of TA common stock to their fair value.
- (8) SVC recorded a \$238 loss on early extinguishment of debt during the three months ended June 30, 2023 related to the write off of unamortized issuance costs relating to the amendment to its revolving credit agreement. SVC recorded a \$44 loss on early extinguishment of debt during the three months ended March 31, 2023 related to the write off of deferred financing costs relating to its repayment of \$500,000 of unsecured senior notes due in March 2023. SVC recorded a \$791 loss on early extinguishment of debt during the three and six months ended June 30, 2022 related to the write off of deferred financing costs and unamortized discounts relating to the amendment to its revolving credit agreement and the repayment of \$500,000 of unsecured senior notes.
- (9) Represents SVC's proportionate share from its equity investment in Sonesta.
- (10) Amounts represent the equity compensation for SVC's Trustees, officers and certain other employees of RMR.
- (11) Various percentages of total sales at certain of SVC's hotels are escrowed as reserves for future renovations or refurbishments, or FF&E reserve escrows. SVC owns all the FF&E reserve escrows for its hotels.
- (12) SVC is amortizing a liability it recorded for the fair value of its initial investment in Sonesta as a reduction to hotel operating expenses in the condensed consolidated statements of income (loss). SVC reduced hotel operating expenses by \$621 for each of the three months ended June 30, 2023 and 2022 for this liability, and \$1,242 for each of the six months ended June 30, 2023 and 2022 for this liability.

Warning Concerning Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other securities laws that are subject to risks and uncertainties. These statements may include words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “estimate”, “will”, “may” and negatives or derivatives of these or similar expressions. These forward-looking statements include, among others, statements about: the continued growth in SVC's hotel portfolio and ongoing strength in the net lease business; the credit quality of TA following the BP acquisition; SVC's current liquidity; and the amount and timing of future distributions.

Forward-looking statements reflect management's current expectations, are based on judgments and assumptions, are inherently uncertain and are subject to risks, uncertainties and other factors, which could cause SVC's actual results, performance, or achievements to differ materially from expected future results, performance or achievements expressed or implied in those forward-looking statements. Some of the risks, uncertainties and other factors that may cause SVC's actual results, performance or achievements to differ materially from the expressed or implied forward-looking statements include, but are not limited to, the following: Sonesta Holdco Corporation and its subsidiaries, or Sonesta's, ability to successfully operate the hotels it manages for SVC; SVC's ability and the ability of SVC's managers and tenants to operate under unfavorable market and economic conditions, rising or sustained high interest rates, high inflation, labor market challenges, dislocation and volatility in the public equity and debt markets, geopolitical instability and economic recessions or downturns; if and when business transient hotel business will return to historical pre-COVID-19 pandemic levels and whether any improved hotel industry conditions will continue, increase or be sustained; whether and the extent to which SVC's managers and tenants will pay the contractual amounts of returns, rents or other obligations due to SVC; competition within the commercial real estate, hotel, transportation and travel center and other industries in which SVC's managers and tenants operate, particularly in those markets in which SVC's properties are located; SVC's ability to repay or refinance its debts as they mature or otherwise become due; SVC's ability to maintain sufficient liquidity, including the availability of borrowings under its revolving credit facility; SVC's ability to pay interest on and principal of its debt; SVC's ability to acquire properties that realize its targeted returns; SVC's ability to sell properties at prices it targets; SVC's ability to raise or appropriately balance the use of debt or equity capital; potential defaults of SVC's management agreements and leases by its managers and tenants; SVC's ability to increase hotel room rates and rents at its leased properties as SVC's leases expire in excess of its operating expenses and to grow its business; SVC's ability to increase and maintain hotel room and net lease property occupancy at its properties; SVC's ability to pay distributions to its shareholders and to increase or sustain the amount of such distributions; the impact of increasing labor costs and shortages and commodity and other price inflation due to supply chain challenges or other market conditions; SVC's ability to make cost-effective improvements to SVC's properties that enhance its appeal to hotel guests and net lease tenants; SVC's ability to engage and retain qualified managers and tenants for its hotels and net lease properties on satisfactory terms; SVC's ability to diversify its sources of rents and returns that improve the security of its cash flows; SVC's credit ratings; the ability of SVC's manager, The RMR Group LLC, or RMR, to successfully manage SVC; actual and potential conflicts of interest with SVC's related parties, including its Managing Trustees, Sonesta, RMR and others affiliated with them; SVC's qualification for taxation as a REIT under the Internal Revenue Code of 1986, as amended; SVC's ability to realize benefits from the scale, geographic diversity, strategic locations and variety of service levels of its hotels; changes in federal or state tax laws; limitations imposed on SVC's business and its ability to satisfy complex rules in order for it to maintain its qualification for taxation as a REIT for U.S. federal income tax purposes; compliance with, and changes to, federal, state and local laws and regulations, accounting rules, tax laws and similar matters; acts of terrorism, outbreaks or continuation of pandemics or other significant adverse public health safety events or conditions, war or other hostilities, supply chain disruptions, climate change or other man-made or natural disasters beyond its control; and other matters.

These risks, uncertainties and other factors are not exhaustive and should be read in conjunction with other cautionary statements that are included in SVC's periodic filings. The information contained in SVC's filings with the SEC including under the caption "Risk Factors" in its periodic reports, or incorporated therein, identifies important factors that could cause differences from the forward-looking statements in this presentation. SVC's filings with the SEC are available on its website and at www.sec.gov.

You should not place undue reliance on forward-looking statements. Except as required by law, SVC undertakes no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise.