

Sonesta Los Angeles Airport LAX
Los Angeles, CA



**SERVICE
PROPERTIES TRUST**

Service Properties Trust
Second Quarter 2024
Financial Results and
Supplemental Information

August 6, 2024



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SVC

Nasdaq Listed

Trading Symbols:

Common Shares: SVC

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All amounts in this presentation are unaudited.

Additional information and reconciliations of Non-GAAP Financial 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.

Quarterly Results



“Top-line hotel performance during the quarter was highlighted by occupancy gains in our full-service and select service portfolios, offset by ADR declines at our extended stay properties and renovation displacement across 21 hotels. Our net lease assets, anchored by TA, continue to provide stable cash flows and ample rent coverage.

With no debt maturities until 2026, we are well positioned to continue implementing our strategic capital investment in the hotel portfolio that we expect will create long term value for shareholders.”

Todd Hargreaves, President and Chief Investment Officer

Newton, MA (August 6, 2024): Service Properties Trust (Nasdaq: SVC) today announced its financial results for the quarter ended June 30, 2024.

Distribution:

SVC 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 22, 2024. This distribution will be paid on or about August 15, 2024.

Conference Call:

A conference call to discuss SVC’s second quarter results will be held on Wednesday, August 7, 2024 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 9597794. 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 Trust:

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, 2024, SVC owned 220 hotels with over 37,000 guest rooms throughout the United States and in Puerto Rico and Canada. As of June 30, 2024, SVC also owned 749 service-focused retail net lease properties with over 13.3 million square feet throughout the United States. SVC is managed by The RMR Group (Nasdaq: RMR), a leading U.S. alternative asset management company with over \$41 billion in assets under management as of June 30, 2024, 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 \$73.9 million, or \$0.45 per common share.
- Normalized FFO of \$73.8 million, or \$0.45 per common share.
- Adjusted EBITDAre of \$171.5 million.

Portfolio Update

- Hotel RevPAR of \$97.50.
- Hotel EBITDA of \$82.4 million.
- Net Lease occupancy of 97.3% as of June 30, 2024.
- Net Lease rent coverage of 2.25x.

Investment Activity

- Invested \$66.5 million in capex during the quarter.
- Sold two hotels in July 2024 with an aggregate of 346 keys for an aggregate sales price of \$10.8 million, excluding closing costs, and three vacant net lease properties with an aggregate of 9,388 square feet for an aggregate sales price of \$1.8 million, excluding closing costs.
- Entered into agreements to sell 16 hotels with an aggregate of 1,930 keys for an aggregate sales price of \$113.2 million, excluding closing costs, and one net lease property with 3,381 square feet for a sales price of \$1.3 million, excluding closing costs.

Liquidity and Financing Activities

- Issued an aggregate of \$1.2 billion of senior guaranteed unsecured notes in June 2024 comprised of \$700.0 million of 8.375% senior guaranteed unsecured notes due 2029 and \$500.0 million of 8.875% senior guaranteed unsecured notes due 2032. The net proceeds from these offerings were \$1,162.3 million.
- Repaid \$1.2 billion of 2025 debt maturities, including the redemption of \$800.0 million principal amount of 7.50% senior notes and the purchase and satisfaction and discharge of \$350.0 million of 4.50% senior notes, using the net proceeds from the June 2024 notes issuances.

Financials



Key Financial Data

(dollars in thousands, except per share data)

	As of and For the Three Months Ended				
	6/30/2024	3/31/2024	12/31/2023	9/30/2023	6/30/2023
Selected Income Statement Data:					
Total revenues	\$ 512,948	\$ 436,250	\$ 444,050	\$ 496,825	\$ 503,779
Net loss	\$ (73,850)	\$ (78,383)	\$ (43,323)	\$ (4,128)	\$ (11,278)
FFO	\$ 57,764	\$ 21,204	\$ 51,316	\$ 91,731	\$ 93,751
Normalized FFO	\$ 73,810	\$ 21,206	\$ 50,036	\$ 92,109	\$ 95,127
CAD	\$ 47,650	\$ 7,532	\$ 13,914	\$ 51,477	\$ 78,120
Rolling four quarter CAD	\$ 120,573	\$ 151,043	\$ 179,665	\$ 224,261	\$ 254,704
Adjusted EBITDA ^{re}	\$ 171,524	\$ 115,548	\$ 141,154	\$ 175,328	\$ 185,324

Per Common Share Data (basic and diluted):

Net loss	\$ (0.45)	\$ (0.48)	\$ (0.26)	\$ (0.03)	\$ (0.07)
FFO	\$ 0.35	\$ 0.13	\$ 0.31	\$ 0.56	\$ 0.57
Normalized FFO	\$ 0.45	\$ 0.13	\$ 0.30	\$ 0.56	\$ 0.58
CAD	\$ 0.29	\$ 0.05	\$ 0.08	\$ 0.31	\$ 0.47
Rolling four quarter CAD	\$ 0.73	\$ 0.91	\$ 1.09	\$ 1.36	\$ 1.54

Dividend Data:

Annualized dividends paid per share during the period	\$ 0.80	\$ 0.80	\$ 0.80	\$ 0.80	\$ 0.80
Annualized dividend yield (at end of period)	15.6 %	11.8 %	9.4 %	10.4 %	9.2 %
Annualized Normalized FFO payout ratio	44.4 %	153.8 %	66.7 %	35.7 %	34.5 %
Rolling four quarter CAD payout ratio ⁽¹⁾	109.6 %	87.9 %	73.4 %	58.8 %	51.9 %

Selected Balance Sheet Data:

Total gross assets	\$ 10,286,546	\$ 10,469,518	\$ 10,537,913	\$ 10,733,398	\$ 10,715,669
Total assets	\$ 7,121,661	\$ 7,231,519	\$ 7,356,116	\$ 7,604,311	\$ 7,649,651
Total liabilities	\$ 6,112,855	\$ 6,116,850	\$ 6,129,983	\$ 6,302,361	\$ 6,310,576
Total shareholders' equity	\$ 1,008,806	\$ 1,114,669	\$ 1,226,133	\$ 1,301,950	\$ 1,339,075

	As of
	6/30/2024
Capitalization:	
Total common shares (at end of period)	165,903,837
Closing price (at end of period)	\$ 5.14
Equity market capitalization (at end of period)	\$ 852,746
Debt (principal balance)	5,682,590
Total market capitalization	\$ 6,535,336

Liquidity:

Cash and cash equivalents	\$ 14,626
Available borrowings under secured revolving credit facility ⁽²⁾	650,000
Total liquidity	\$ 664,626

- (1) Reflects the annualized dividends paid per common share during the period as a percentage of rolling four quarter CAD per common share.
- (2) Availability under SVC's revolving credit facility is subject to meeting ongoing minimum performance and market values of the collateral properties, satisfying certain financial covenants and other credit facility conditions.

Condensed Consolidated Statements of Income (Loss)



(amounts in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Revenues:				
Hotel operating revenues ⁽¹⁾	\$ 412,486	\$ 404,327	\$ 748,722	\$ 739,123
Rental income ⁽²⁾	100,462	99,452	200,476	193,865
Total revenues	512,948	503,779	949,198	932,988
Expenses:				
Hotel operating expenses ⁽¹⁾⁽³⁾	328,247	309,100	633,333	608,666
Net lease operating expenses	4,958	4,372	9,681	8,277
Depreciation and amortization	95,674	94,571	188,781	194,610
General and administrative	10,681	12,420	21,187	23,331
Transaction related costs ⁽⁴⁾	–	931	–	1,818
Loss on asset impairment, net ⁽⁵⁾	34,887	9,005	37,338	9,005
Total expenses	474,447	430,399	890,320	845,707
(Loss) gain on sale of real estate, net ⁽⁶⁾	(32)	(62)	(2,995)	41,836
(Loss) gain on equity securities, net	–	(593)	–	48,837
Interest income	819	3,468	2,781	6,254
Interest expense (including amortization of debt issuance costs, discounts and premiums of \$7,466, \$6,804, \$14,692 and \$12,036, respectively)	(93,850)	(82,503)	(185,264)	(164,083)
Loss on early extinguishment of debt, net ⁽⁷⁾	(16,048)	(238)	(16,048)	(282)
(Loss) income before income tax expense and equity in (losses) earnings of an investee	(70,610)	(6,548)	(142,648)	19,843
Income tax expense	(524)	(5,247)	(1,531)	(1,467)
Equity in (losses) earnings of an investee	(2,716)	517	(8,054)	(3,704)
Net (loss) income	\$ (73,850)	\$ (11,278)	\$ (152,233)	\$ 14,672
Weighted average common shares outstanding (basic and diluted)	165,198	164,902	165,178	164,884
Net (loss) income per common share (basic and diluted)	\$ (0.45)	\$ (0.07)	\$ (0.92)	\$ 0.09

See accompanying notes on [page 36](#).

Condensed Consolidated Balance Sheets

(dollars in thousands, except per share data)

	June 30, 2024	December 31, 2023
ASSETS		
Real estate properties:		
Land	\$ 1,941,008	\$ 1,972,145
Buildings, improvements and equipment	7,636,707	7,814,192
Total real estate properties, gross	9,577,715	9,786,337
Accumulated depreciation	(3,164,885)	(3,181,797)
Total real estate properties, net	6,412,830	6,604,540
Acquired real estate leases and other intangibles, net	118,753	130,622
Assets held for sale	116,984	10,500
Cash and cash equivalents	14,626	180,119
Restricted cash	14,830	17,711
Equity method investment	108,106	113,304
Due from related persons	28,959	6,376
Other assets, net	306,573	292,944
Total assets	<u>\$ 7,121,661</u>	<u>\$ 7,356,116</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Revolving credit facility	\$ —	\$ —
Senior secured notes, net	970,051	968,017
Senior unsecured notes, net	4,014,023	3,993,327
Mortgage notes payable, net	563,727	558,876
Accounts payable and other liabilities	552,649	587,005
Due to related persons	12,405	22,758
Total liabilities	<u>6,112,855</u>	<u>6,129,983</u>
Commitments and contingencies		
Shareholders' equity:		
Common shares of beneficial interest, \$.01 par value; 200,000,000 shares authorized; 165,903,837 and 165,769,595 shares issued and outstanding, respectively	1,659	1,658
Additional paid in capital	4,559,220	4,557,473
Cumulative other comprehensive income	1,782	2,318
Cumulative net income	2,318,267	2,470,500
Cumulative common distributions	(5,872,122)	(5,805,816)
Total shareholders' equity	<u>1,008,806</u>	<u>1,226,133</u>
Total liabilities and shareholders' equity	<u>\$ 7,121,661</u>	<u>\$ 7,356,116</u>



Debt Summary

As of June 30, 2024

(dollars in thousands)

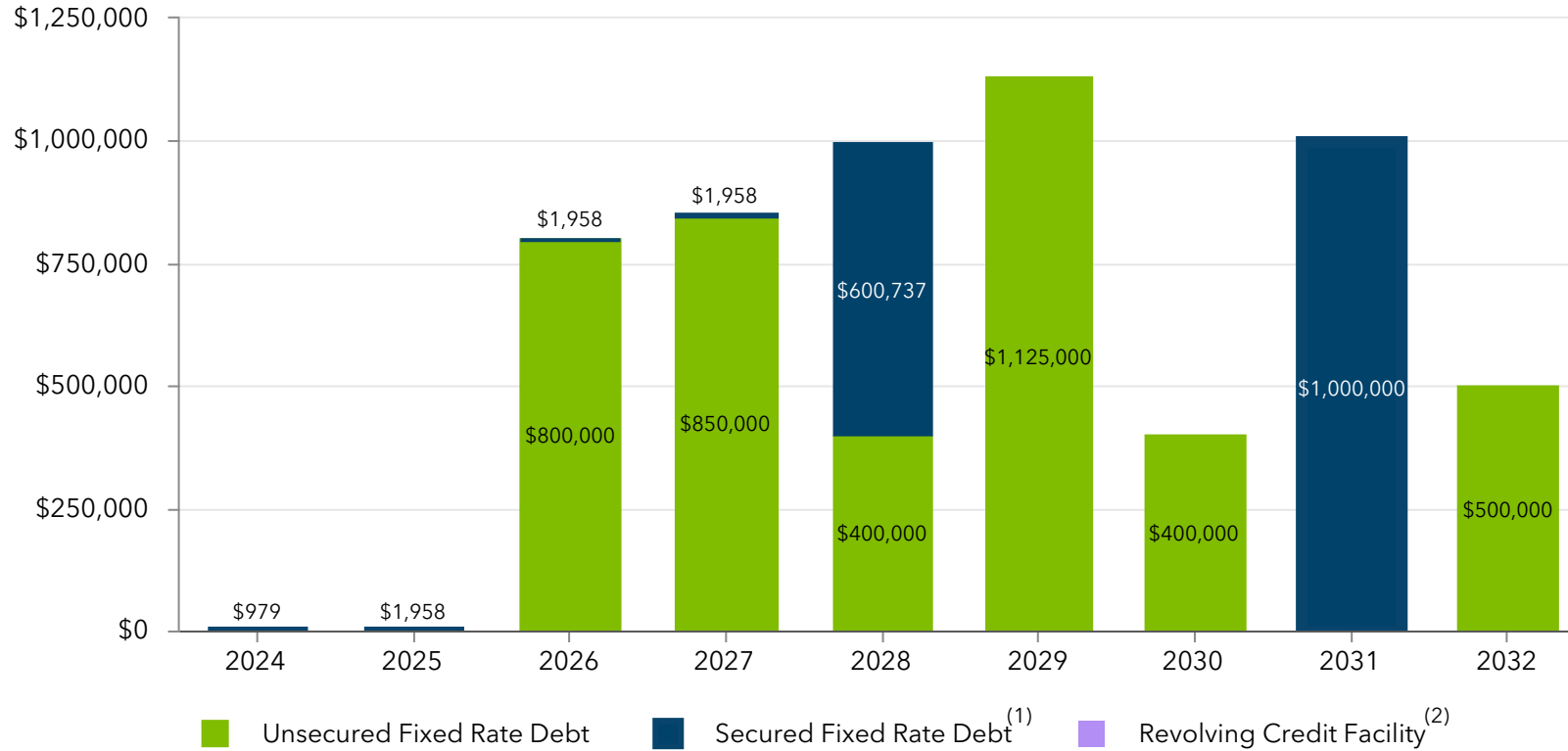
	Weighted Average Interest Rate	Principal Balance	Maturity Date	Due at Maturity	Years to Maturity
Floating Rate Debt:					
\$650,000 revolving credit facility ⁽¹⁾⁽²⁾	7.830 %	\$ —	6/29/27	\$ —	3.0
Secured Fixed Rate Debt:					
Net lease mortgage notes ⁽³⁾	5.600 %	607,590	2/20/28	600,576	3.6
Senior secured notes due 2031 ⁽⁴⁾⁽⁵⁾	8.625 %	1,000,000	11/15/31	1,000,000	7.4
Subtotal / weighted average	7.482 %	1,607,590		1,600,576	6.0
Unsecured Fixed Rate Debt:					
Senior unsecured notes due 2026	5.250 %	350,000	2/15/26	350,000	1.6
Senior unsecured notes due 2026	4.750 %	450,000	10/1/26	450,000	2.3
Senior unsecured notes due 2027	4.950 %	400,000	2/15/27	400,000	2.6
Senior unsecured notes due 2027 ⁽⁵⁾	5.500 %	450,000	12/15/27	450,000	3.5
Senior unsecured notes due 2028	3.950 %	400,000	1/15/28	400,000	3.6
Senior unsecured notes due 2029 ⁽⁵⁾	8.375 %	700,000	6/15/29	700,000	5.0
Senior unsecured notes due 2029	4.950 %	425,000	10/1/29	425,000	5.3
Senior unsecured notes due 2030	4.375 %	400,000	2/15/30	400,000	5.6
Senior unsecured notes due 2032 ⁽⁵⁾	8.875 %	500,000	6/15/32	500,000	8.0
Subtotal / weighted average	5.930 %	4,075,000		4,075,000	4.3
Total / weighted average ⁽⁶⁾	6.369 %	\$ 5,682,590		\$ 5,675,576	4.8

- (1) SVC is required to pay interest at a rate of SOFR plus a premium, which was 250 basis points per annum as of June 30, 2024. SVC also pays an unused commitment fee of 20 to 30 basis points per annum based on amounts outstanding under its revolving credit facility. Subject to the payment of an extension fee and meeting certain other conditions, SVC may extend the maturity date of its revolving credit facility by two additional six month periods.
- (2) SVC has provided equity pledges on certain of its property owning subsidiaries and provided first mortgage liens on 72 properties owned by the pledged subsidiaries to secure its obligations under the credit agreement governing its revolving 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 secured by first-priority liens on the equity interests of subsidiaries owning 70 travel centers leased to TravelCenters of America Inc., or TA, pursuant to two master leases.
- (5) These notes are guaranteed by certain of SVC's subsidiaries.
- (6) The carrying value of SVC's total debt of \$5,547,801 as of June 30, 2024 is net of unamortized discounts and premiums and certain issuance costs totaling \$134,789.

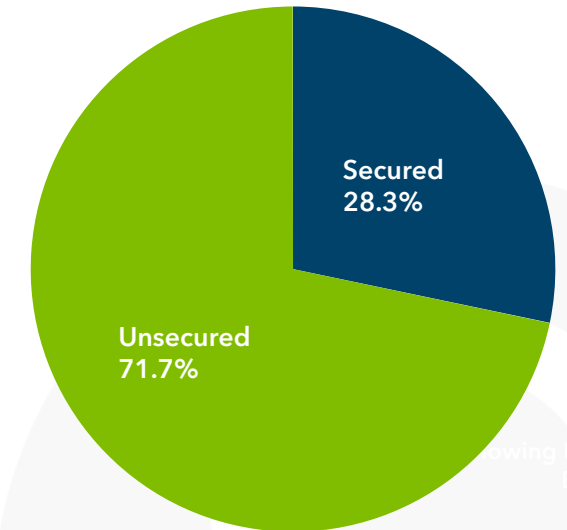
Debt Maturity Schedule

As of June 30, 2024

(dollars in thousands)



Secured vs. Unsecured Debt



- (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, 2024, SVC had no amounts outstanding under its \$650,000 revolving credit facility.

Leverage Ratios, Coverage Ratios and Debt Covenants

	As of and For the Trailing Twelve Months Ended				
	6/30/2024	3/31/2024	12/31/2023	9/30/2023	6/30/2023
Leverage Ratios:					
Net debt / total gross assets	55.1 %	53.1 %	51.8 %	50.2 %	50.2 %
Net debt / gross book value of real estate assets and cash and cash equivalents	59.1 %	56.3 %	54.7 %	53.1 %	53.1 %
Secured debt / total assets	22.4 %	22.1 %	21.7 %	7.9 %	8.1 %
Variable rate debt / net debt	– %	– %	– %	– %	– %
Coverage Ratios:					
Rolling four-quarter Adjusted EBITDAre / rolling four-quarter interest expense	1.7x	1.8x	1.8x	1.9x	1.9x
Net debt / rolling four-quarter Adjusted EBITDAre	9.4x	9.0x	8.8x	8.6x	8.6x
	As of and For the Trailing Twelve Months Ended				
	6/30/2024	3/31/2024	12/31/2023	9/30/2023	6/30/2023
Senior Note Debt Covenants:					
<u>Maintenance Covenant:</u>					
Total unencumbered assets / unsecured debt - required minimum 150%	173.6 %	177.5 %	183.2 %	163.2 %	163.9 %
<u>Incurrence Covenants:</u>					
Total debt / adjusted total assets - allowable maximum 60.0%	53.5 %	52.9 %	52.4 %	53.2 %	53.1 %
Secured debt / adjusted total assets - allowable maximum 40.0%	15.1 %	15.1 %	15.0 %	5.6 %	5.6 %
Consolidated income available for debt service / debt service - required minimum 1.50x	1.60x	1.78x	1.79x	2.02x	1.97x
Total unencumbered assets in guarantor subsidiaries / senior guaranteed unsecured debt - required minimum 2.2x	4.10x	5.47x	5.65x	6.49x	5.81x



Capital Expenditures Summary

(dollars in thousands)

	For the Three Months Ended				
	6/30/2024	3/31/2024	12/31/2023	9/30/2023	6/30/2023
Hotel capital improvements	\$ 20,999	\$ 10,011	\$ 28,196	\$ 27,538	\$ 12,581
Lease related costs	1,001	510	596	1,128	1,584
Recurring capital expenditures	22,000	10,521	28,792	28,666	14,165
Hotel renovations, redevelopment and other activities	44,475	58,330	77,234	36,318	28,593
Total capital improvements & FF&E Reserve fundings	<u>\$ 66,475</u>	<u>\$ 68,851</u>	<u>\$ 106,026</u>	<u>\$ 64,984</u>	<u>\$ 42,758</u>



Property Acquisitions and Dispositions

Since January 1, 2024

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

ACQUISITIONS:							
Quarter Acquired	Properties	Property Type	Brand	Location	Rooms or Suites / Square Footage	Purchase Price ⁽¹⁾	Average Sales Price per Room or Suite / Square Foot

SVC has not acquired any properties since January 1, 2024.

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 2024	1	Net Lease	Vacant	IL	4,100	\$ 257	\$ 63
	1	Net Lease	Vacant	MI	1,110	100	90
	1	Hotel	Country Inn & Suites® by Radisson	MN	84	3,315	39,464
	1	Net Lease	Vacant	IL	29,639	2,575	87
Q3 2024	1	Hotel	Sonesta Select®	WI	148	3,500	23,649
	1	Hotel	Sonesta Hotels & Resorts®	WI	198	7,300	36,869
	1	Net Lease	Vacant	IA	2,910	100	34
	1	Net Lease	Vacant	IL	3,979	1,300	327
	1	Net Lease	Vacant	IA	2,499	400	160
	<u>9</u>				<u>430 / 44,237</u>	<u>\$ 18,847</u>	<u>\$32,826 / \$107</u>



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

Portfolio Information



Portfolio Summary

As of June 30, 2024

(dollars in thousands)

Number of Properties

Hotel Properties	220	Number of hotel rooms	37,697
Net Lease Properties	749	Net lease square feet	13,384,219
Total Properties	969	Average hotel property size	171 rooms
		Average net lease property size	17,869 sq. ft.

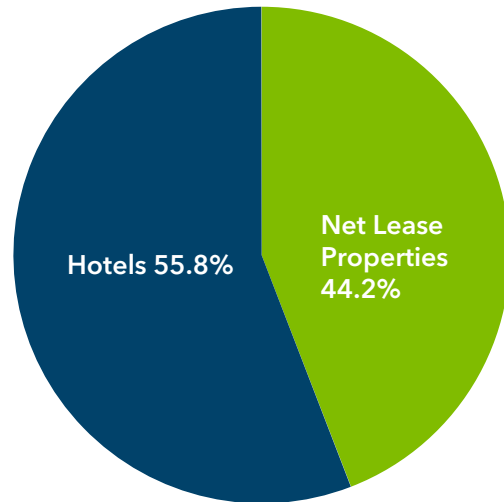
Investments

Hotels	\$ 6,402,211
Net Lease Properties	5,061,467
Total Investments	\$ 11,463,678

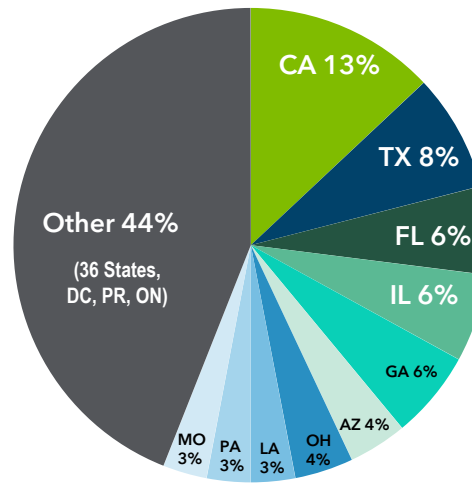
Diversification Facts

Tenants/Operators	182
Brands	148
Industries	22
States	46

Portfolio Composition⁽¹⁾



Geographical Diversification⁽¹⁾



(1) Based on investment.

Consolidated Portfolio Diversification by Industry

As of June 30, 2024

(dollars in thousands)

Industry	No. of Properties	Rooms / Square Footage	Investments	Percent of Total Investment
1. Hotels	220	37,697	\$ 6,402,211	55.8%
2. Travel Centers	178	5,099,794	3,311,787	29.0%
3. Restaurants - Quick Service	209	699,846	283,853	2.6%
4. Restaurants - Casual Dining	55	503,450	194,333	1.7%
5. Health and Fitness	13	873,258	186,365	1.6%
6. Movie Theaters	15	785,344	139,569	1.2%
7. Home Goods and Leisure	20	700,906	134,291	1.2%
8. Grocery Stores	19	1,020,819	129,152	1.1%
9. Automotive Equipment and Services	64	463,492	107,054	0.9%
10. Medical, Dental Office	70	372,171	104,042	0.9%
11. Automotive Dealers	8	177,433	62,656	0.5%
12. Entertainment	4	199,853	61,436	0.5%
13. General Merchandise Stores	4	381,193	55,457	0.5%
14. Educational Services	8	213,755	54,759	0.5%
15. Building Materials	29	465,283	33,883	0.3%
16. Car Washes	6	50,831	30,798	0.3%
17. Miscellaneous Manufacturing	5	538,932	24,156	0.2%
18. Sporting Goods	3	120,847	18,234	0.2%
19. Drug Stores and Pharmacies	6	58,048	17,111	0.1%
20. Legal Services	5	25,429	11,362	0.1%
21. Dollar Stores	3	27,593	2,971	–%
22. Other	5	139,423	27,245	0.2%
23. Vacant	20	466,519	70,953	0.6%
Total	969	37,697 / 13,384,219	\$ 11,463,678	100.0%



Consolidated Portfolio by Geographic Diversification

As of June 30, 2024

(dollars in thousands)

State	Total Property Count	Hotel Count	Net Lease Count	Investments					
				Total	% of Total	Hotel	Hotel % of Total	Net Lease	Net Lease % of Total
California	58	36	22	\$ 1,438,815	12.6 %	\$ 1,165,750	18.2 %	\$ 273,065	5.4 %
Texas	75	20	55	894,697	7.8 %	382,617	6.0 %	512,080	10.1 %
Florida	58	12	46	714,931	6.2 %	468,692	7.3 %	246,239	4.9 %
Illinois	64	10	54	708,598	6.2 %	425,290	6.6 %	283,308	5.6 %
Georgia	89	16	73	682,178	6.0 %	414,043	6.5 %	268,135	5.3 %
Arizona	39	14	25	484,473	4.2 %	235,898	3.7 %	248,575	4.9 %
Ohio	44	5	39	455,848	4.0 %	126,224	2.0 %	329,624	6.5 %
Louisiana	15	3	12	383,943	3.3 %	252,238	3.9 %	131,705	2.6 %
Pennsylvania	33	5	28	339,848	3.0 %	135,732	2.1 %	204,116	4.0 %
Missouri	29	4	25	285,481	2.5 %	158,382	2.5 %	127,099	2.5 %
Top 10	504	125	379	6,388,812	55.8 %	3,764,866	58.8 %	2,623,946	51.8 %
Other ⁽¹⁾	465	95	370	5,074,866	44.2 %	2,637,345	41.2 %	2,437,521	48.2 %
Total	969	220	749	\$ 11,463,678	100.0 %	\$ 6,402,211	100.0 %	\$ 5,061,467	100.0 %



(1) Consists of properties in 36 different states, the District of Columbia, Puerto Rico and Ontario, Canada with an average investment of \$10,914 per property.

Hotel Portfolio by Brand

As of June 30, 2024

(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	7.7 %	5,663	15.0 %	\$ 1,906,187	29.8 %	\$ 336,604
Sonesta Hotels & Resorts®	Full Service	Upscale	23	10.5 %	7,403	19.7 %	1,388,281	21.7 %	187,530
Sonesta ES Suites®	Extended Stay	Upper Midscale	60	27.2 %	7,643	20.4 %	1,154,266	18.0 %	151,023
Sonesta Select®	Select Service	Upscale	44	20.0 %	6,427	17.0 %	697,360	10.9 %	108,505
Sonesta Simply Suites®	Extended Stay	Midscale	51	23.2 %	6,464	17.1 %	596,515	9.3 %	92,283
Hyatt Place®	Select Service	Upscale	17	7.7 %	2,107	5.6 %	317,713	5.0 %	150,789
Radisson® Hotels & Resorts	Full Service	Upscale	5	2.3 %	1,149	3.0 %	171,344	2.7 %	149,124
Crowne Plaza®	Full Service	Upscale	1	0.5 %	495	1.3 %	124,276	1.9 %	251,063
Country Inn & Suites® by Radisson	Full Service	Upper Midscale	2	0.9 %	346	0.9 %	46,269	0.7 %	133,725
Total / Average Hotels			220	100.0 %	37,697	100.0 %	\$ 6,402,211	100.0 %	\$ 169,833

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,		
				2024	2023	Change	2024	2023	Change	2024	2023	Change
Sonesta Hotels & Resorts®	Full Service	22	7,153	64.1 %	68.3 %	(4.2) pts	\$ 158.19	\$ 156.21	1.3 %	\$ 101.45	\$ 106.65	(4.9)%
Royal Sonesta Hotels®	Full Service	17	5,663	67.5 %	63.5 %	4.0 pts	239.45	246.41	(2.8)%	161.70	156.58	3.3 %
Radisson® Hotels & Resorts	Full Service	5	1,149	71.3 %	64.5 %	6.8 pts	146.39	145.76	0.4 %	104.33	94.05	10.9 %
Crowne Plaza®	Full Service	1	495	69.4 %	69.3 %	0.1 pts	144.36	140.51	2.7 %	100.25	97.44	2.9 %
Country Inn & Suites® by Radisson	Full Service	2	346	74.6 %	74.8 %	(0.2) pts	152.57	145.49	4.9 %	113.89	108.82	4.7 %
Full Service Total / Average		47	14,806	66.4 %	66.3 %	0.1 pts	188.17	187.96	0.1 %	124.96	124.70	0.2 %
Sonesta Select®	Select Service	44	6,427	60.8 %	58.2 %	2.6 pts	116.90	118.30	(1.2)%	71.09	68.81	3.3 %
Hyatt Place®	Select Service	17	2,107	70.9 %	74.2 %	(3.3) pts	124.16	126.38	(1.8)%	88.00	93.81	(6.2)%
Select Service Total / Average		61	8,534	63.3 %	62.1 %	1.2 pts	118.91	120.68	(1.5)%	75.27	74.98	0.4 %
Sonesta ES Suites®	Extended Stay	60	7,643	72.6 %	71.5 %	1.1 pts	125.90	131.59	(4.3)%	91.37	94.05	(2.8)%
Sonesta Simply Suites®	Extended Stay	50	6,366	74.1 %	73.8 %	0.3 pts	90.93	90.55	0.4 %	67.34	66.79	0.8 %
Extended Stay Total / Average		110	14,009	73.2 %	72.5 %	0.7 pts	109.83	112.75	(2.6)%	80.45	81.75	(1.6)%
Comparable Hotels Total / Average		218	37,349	68.3 %	67.7 %	0.6 pts	\$ 141.96	\$ 143.52	(1.1)%	\$ 96.91	\$ 97.14	(0.2)%

All operating data presented are based upon the operating results provided by SVC's managers for the indicated periods. SVC has not independently verified its managers' 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,		
				2024	2023	Change	2024	2023	Change	2024	2023	Change
Sonesta Hotels & Resorts®	Full Service	22	7,153	59.3 %	62.6 %	(3.3) pts	\$ 155.66	\$ 154.48	0.8 %	\$ 92.31	\$ 96.74	(4.6)%
Royal Sonesta Hotels®	Full Service	17	5,663	59.1 %	55.5 %	3.6 pts	238.28	243.26	(2.0)%	140.90	134.89	4.5 %
Radisson® Hotels & Resorts	Full Service	5	1,149	65.9 %	64.8 %	1.1 pts	148.54	149.79	(0.8)%	97.87	97.03	0.9 %
Crowne Plaza®	Full Service	1	495	67.0 %	63.9 %	3.1 pts	146.59	140.18	4.6 %	98.21	89.61	9.6 %
Country Inn & Suites® by Radisson	Full Service	2	346	67.5 %	66.9 %	0.6 pts	144.66	138.38	4.5 %	97.59	92.59	5.4 %
Full Service Total / Average		47	14,806	60.2 %	60.2 %	– pts	185.46	184.77	0.4 %	111.64	111.17	0.4 %
Sonesta Select®	Select Service	44	6,427	55.2 %	54.7 %	0.5 pts	115.85	118.57	(2.3)%	63.90	64.82	(1.4)%
Hyatt Place®	Select Service	17	2,107	59.2 %	69.1 %	(9.9) pts	122.44	125.49	(2.4)%	72.46	86.72	(16.4)%
Select Service Total / Average		61	8,534	56.2 %	58.2 %	(2.0) pts	117.57	120.60	(2.5)%	66.02	70.23	(6.0)%
Sonesta ES Suites®	Extended Stay	60	7,643	68.4 %	67.5 %	0.9 pts	124.60	129.96	(4.1)%	85.26	87.73	(2.8)%
Sonesta Simply Suites®	Extended Stay	50	6,366	67.7 %	69.1 %	(1.4) pts	89.65	90.69	(1.1)%	60.68	62.66	(3.2)%
Extended Stay Total / Average		110	14,009	68.1 %	68.2 %	(0.1) pts	108.81	112.01	(2.9)%	74.09	76.42	(3.0)%
Comparable Hotels Total / Average		218	37,349	62.2 %	62.7 %	(0.5) pts	\$ 140.00	\$ 141.38	(1.0)%	\$ 87.13	\$ 88.71	(1.8)%

All operating data presented are based upon the operating results provided by SVC's managers for the indicated periods. SVC has not independently verified its managers' 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,		
				2024	2023	Change	2024	2023	Change	2024	2023	Change
Sonesta Hotels & Resorts®	Full Service	23	7,403	64.5 %	68.1 %	(3.6) pts	\$ 163.08	\$ 160.61	1.5 %	\$ 105.13	\$ 109.32	(3.8)%
Royal Sonesta Hotels®	Full Service	17	5,663	67.5 %	63.5 %	4.0 pts	239.45	246.41	(2.8)%	161.70	156.58	3.3 %
Radisson® Hotels & Resorts	Full Service	5	1,149	71.3 %	64.5 %	6.8 pts	146.39	145.76	0.4 %	104.33	94.05	10.9 %
Crowne Plaza®	Full Service	1	495	69.4 %	69.3 %	0.1 pts	144.36	140.51	2.7 %	100.25	97.44	2.9 %
Country Inn & Suites® by Radisson	Full Service	2	346	74.6 %	74.8 %	(0.2) pts	152.57	145.49	4.9 %	113.89	108.82	4.7 %
Full Service Total / Average		48	15,056	66.5 %	66.3 %	0.2 pts	189.94	189.66	0.1 %	126.38	125.69	0.5 %
Sonesta Select®	Select Service	44	6,427	60.8 %	58.2 %	2.6 pts	116.90	118.30	(1.2)%	71.09	68.81	3.3 %
Hyatt Place®	Select Service	17	2,107	70.9 %	74.2 %	(3.3) pts	124.16	126.38	(1.8)%	88.00	93.81	(6.2)%
Select Service Total / Average		61	8,534	63.3 %	62.1 %	1.2 pts	118.91	120.68	(1.5)%	75.27	74.98	0.4 %
Sonesta ES Suites®	Extended Stay	60	7,643	72.6 %	71.5 %	1.1 pts	125.90	131.59	(4.3)%	91.37	94.05	(2.8)%
Sonesta Simply Suites®	Extended Stay	51	6,464	73.3 %	73.0 %	0.3 pts	90.93	90.55	0.4 %	66.69	66.13	0.8 %
Extended Stay Total / Average		111	14,107	72.9 %	72.2 %	0.7 pts	109.83	112.75	(2.6)%	80.10	81.39	(1.6)%
All Hotels Total / Average		220	37,697	68.2 %	67.5 %	0.7 pts	\$ 142.99	\$ 144.46	(1.0)%	\$ 97.50	\$ 97.56	(0.1)%

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

(1) Includes results of all hotels owned as of June 30, 2024. 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			ADR			RevPAR		
				Six Months Ended June 30,			Six Months Ended June 30,			Six Months Ended June 30,		
				2024	2023	Change	2024	2023	Change	2024	2023	Change
Sonesta Hotels & Resorts®	Full Service	23	7,403	59.9 %	62.7 %	(2.8) pts	\$ 163.21	\$ 161.73	0.9 %	\$ 97.79	\$ 101.36	(3.5)%
Royal Sonesta Hotels®	Full Service	17	5,663	59.1 %	55.5 %	3.6 pts	238.28	243.26	(2.0)%	140.90	134.89	4.5 %
Radisson® Hotels & Resorts	Full Service	5	1,149	65.9 %	64.8 %	1.1 pts	148.54	149.79	(0.8)%	97.87	97.03	0.9 %
Crowne Plaza®	Full Service	1	495	67.0 %	63.9 %	3.1 pts	146.59	140.18	4.6 %	98.21	89.61	9.6 %
Country Inn & Suites® by Radisson	Full Service	2	346	67.5 %	66.9 %	0.6 pts	144.66	138.38	4.5 %	97.59	92.59	5.4 %
Full Service Total / Average		48	15,056	60.5 %	60.2 %	0.3 pts	188.50	187.90	0.3 %	114.01	113.17	0.7 %
Sonesta Select®	Select Service	44	6,427	55.2 %	54.7 %	0.5 pts	115.85	118.57	(2.3)%	63.90	64.82	(1.4)%
Hyatt Place®	Select Service	17	2,107	59.2 %	69.1 %	(9.9) pts	122.44	125.49	(2.4)%	72.46	86.72	(16.4)%
Select Service Total / Average		61	8,534	56.2 %	58.2 %	(2.0) pts	117.57	120.60	(2.5)%	66.02	70.23	(6.0)%
Sonesta ES Suites®	Extended Stay	60	7,643	68.4 %	67.5 %	0.9 pts	124.60	129.96	(4.1)%	85.26	87.73	(2.8)%
Sonesta Simply Suites®	Extended Stay	51	6,464	67.0 %	68.4 %	(1.4) pts	89.65	90.69	(1.1)%	60.10	62.05	(3.1)%
Extended Stay Total / Average		111	14,107	67.8 %	67.9 %	(0.1) pts	108.81	112.01	(2.9)%	73.77	76.08	(3.0)%
All Hotels Total / Average		220	37,697	62.2 %	62.6 %	(0.4) pts	\$ 141.56	\$ 142.87	(0.9)%	\$ 88.10	\$ 89.51	(1.6)%

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

(1) Includes results of all hotels owned as of June 30, 2024. 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, 2024

(dollars in thousands)

Brand	No. of Properties	Square Feet	Investment	Percent of Total Investment	Annualized Minimum Rent	Percent of Total Annualized Minimum Rent	Rent Coverage
1. TravelCenters of America Inc.	131	3,683,923	\$ 2,254,950	44.6 %	\$ 176,793	46.5 %	1.59x ⁽¹⁾
2. Petro Stopping Centers	44	1,367,802	1,015,156	20.1 %	82,287	21.6 %	1.59x ⁽¹⁾
3. The Great Escape	14	542,666	98,242	1.9 %	7,711	2.0 %	6.20x
4. Life Time Fitness	3	420,335	92,617	1.8 %	5,770	1.5 %	2.80x
5. Buehler's Fresh Foods	5	502,727	76,469	1.5 %	5,657	1.5 %	2.88x
6. Heartland Dental	59	234,274	61,120	1.2 %	4,769	1.3 %	4.56x
7. Norms	10	63,490	53,673	1.1 %	3,759	1.0 %	3.68x
8. Express Oil Change	23	83,825	49,724	1.0 %	3,717	1.0 %	4.32x
9. AMC Theatres	5	251,166	57,247	1.1 %	3,547	0.9 %	2.18x
10. Pizza Hut	40	167,366	45,285	0.9 %	3,444	0.9 %	2.44x
11. Flying J Travel Plaza	3	48,069	41,681	0.8 %	3,279	0.9 %	4.94x
12. America's Auto Auction	6	72,338	38,314	0.8 %	3,216	0.8 %	7.56x
13. Fleet Farm	1	218,248	37,802	0.7 %	2,782	0.7 %	2.45x
14. Crème de la Crème	4	81,929	29,131	0.6 %	2,429	0.6 %	1.00x
15. Big Al's	2	111,912	35,214	0.7 %	2,336	0.6 %	1.36x
16. Mister Car Wash	5	41,456	28,658	0.6 %	2,258	0.6 %	2.87x
17. Martin's	16	81,909	31,223	0.6 %	2,252	0.6 %	1.71x
18. B&B Theatres	4	261,300	37,619	0.7 %	2,234	0.6 %	1.59x
19. Popeye's	20	45,708	28,434	0.6 %	2,047	0.5 %	4.75x
20. Burger King	19	90,970	31,427	0.6 %	1,983	0.5 %	3.07x
21. Regal Cinemas	5	223,846	34,953	0.7 %	1,958	0.5 %	2.34x
22. Courthouse Athletic Club	4	193,659	39,688	0.8 %	1,906	0.5 %	1.20x
23. Arby's	19	57,868	29,234	0.6 %	1,800	0.5 %	3.64x
24. Hardee's	15	49,958	24,919	0.5 %	1,724	0.5 %	2.03x
25. Church's Chicken	32	43,399	26,326	0.5 %	1,712	0.4 %	3.52x
26. Other ⁽²⁾	260	4,444,076	762,361	15.0 %	49,087	13.0 %	3.87x
Total	749	13,384,219	\$ 5,061,467	100.0 %	\$ 380,457	100.0 %	2.25x



7514 E. Parkway Drive
Lone Tree, CO

- (1) Rent coverage information provided by tenant is for all 175 sites on a consolidated basis and is as of June 30, 2024.
- (2) Consists of 114 distinct brands with an average investment of \$2,932 per property and an average annual minimum rent of \$189 per property.

Net Lease Portfolio by Industry

As of June 30, 2024

(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	178	5,099,794	\$ 3,311,787	65.4%	\$ 262,359	69.0%	1.63x ⁽¹⁾
2. Restaurants - Quick Service	209	699,846	283,853	5.5%	19,486	5.1%	3.26x
3. Restaurants - Casual Dining	55	503,450	194,333	3.8%	11,652	3.1%	2.88x
4. Health and Fitness	13	873,258	186,365	3.7%	11,184	2.9%	2.18x
5. Home Goods and Leisure	20	700,906	134,291	2.7%	10,626	2.8%	5.14x
6. Grocery Stores	19	1,020,819	129,152	2.6%	9,235	2.4%	3.55x
7. Medical, Dental Office	70	372,171	104,042	2.1%	8,449	2.2%	3.42x
8. Movie Theaters	15	785,344	139,569	2.8%	8,399	2.2%	2.24x
9. Automotive Equipment and Services	64	463,492	107,054	2.1%	7,755	2.0%	4.11x
10. Automotive Dealers	8	177,433	62,656	1.2%	4,973	1.3%	6.26x
11. Educational Services	8	213,755	54,759	1.1%	4,365	1.1%	1.55x
12. Entertainment	4	199,853	61,436	1.2%	4,347	1.1%	2.89x
13. General Merchandise Stores	4	381,193	55,457	1.1%	3,928	1.0%	3.22x
14. Building Materials	29	465,283	33,883	0.7%	2,857	0.8%	6.95x
15. Car Washes	6	50,831	30,798	0.6%	2,411	0.6%	2.87x
16. Miscellaneous Manufacturing	5	538,932	24,156	0.5%	1,713	0.5%	13.05x
17. Drug Stores and Pharmacies	6	58,048	17,111	0.3%	1,122	0.3%	1.16x
18. Sporting Goods	3	120,847	18,234	0.4%	1,099	0.3%	5.23x
19. Legal Services	5	25,429	11,362	0.2%	1,075	0.3%	6.47x
20. Dollar Stores	3	27,593	2,971	0.1%	190	0.1%	1.99x
21. Other ⁽²⁾	5	139,423	27,245	0.5%	3,232	0.9%	3.84x
22. Vacant	20	466,519	70,953	1.4%	–	–%	–x
Total	749	13,384,219	\$ 5,061,467	100.0%	\$ 380,457	100.0%	2.25x



- (1) Rent coverage for TA is as of June 30, 2024.
 (2) Consists of miscellaneous businesses with an average investment of \$5,449 per property.

Net Lease Portfolio by Tenant (Top 10)

As of June 30, 2024

(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	175	5,051,725	\$ 3,270,106	64.7 %	\$ 259,080	68.1 %	8.9	1.59x
2. Universal Pool Co., Inc.	The Great Escape	14	542,666	98,242	1.9 %	7,711	2.0 %	3.2	6.20x
3. Healthy Way of Life II, LLC	Life Time Fitness	3	420,335	92,617	1.8 %	5,770	1.5 %	11.0	2.80x
4. Styx Acquisition, LLC	Buehler's Fresh Foods	5	502,727	76,469	1.5 %	5,657	1.5 %	11.3	2.88x
5. Professional Resource Development, Inc.	Heartland Dental	59	234,274	61,120	1.2 %	4,769	1.3 %	1.8	4.56x
6. Norms Restaurants, LLC	Norms	10	63,490	53,673	1.1 %	3,759	1.0 %	21.0	3.68x
7. Express Oil Change, L.L.C.	Express Oil Change	23	83,825	49,724	1.0 %	3,717	1.0 %	10.8	4.32x
8. American Multi-Cinema, Inc.	AMC Theatres	5	251,166	57,247	1.1 %	3,547	0.9 %	3.4	2.18x
9. Pilot Travel Centers LLC	Flying J Travel Plaza	3	48,069	41,681	0.8 %	3,279	0.9 %	4.5	4.94x
10. Automotive Remarketing Group, Inc.	America's Auto Auction	6	72,338	38,314	0.8 %	3,216	0.8 %	10.8	7.56x
Subtotal, Top 10		303	7,270,615	3,839,193	75.9 %	300,505	79.0 %	8.8	1.97x
11. Other ⁽²⁾	Various	446	6,113,604	1,222,274	24.1 %	79,952	21.0 %	7.1	3.29x
Total		749	13,384,219	\$ 5,061,467	100.0 %	\$ 380,457	100.0 %	8.4	2.25x

(1) TA is SVC's largest tenant. As of June 30, 2024, SVC leased 175 travel centers (131 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. TA has five renewal options for 10 years each for all of the travel centers under each lease. BP Corporation North America Inc. guarantees payment under each of the five master leases. The aggregate guaranty as of June 30, 2024 was \$3,037,475. Annualized minimum rent excludes the impact of rents prepaid by TA. Rent coverage was 1.54x, 1.58x, 1.69x, 1.76x and 1.42x for the TA leases no. 1, no. 2, no. 3, no. 4 and no. 5, respectively. Rent coverage is as of June 30, 2024.

(2) Consists of 168 tenants with an average investment of \$2,741 per property and an average annual minimum rent of \$179 per property.

Net Lease Portfolio - Expiration Schedule

As of June 30, 2024

(dollars in thousands)

Year ⁽¹⁾	Number of Properties	Square Feet	Annualized Minimum Rent Expiring	Percent of Total Annualized Minimum Rent Expiring	Cumulative Percent of Total Annualized Minimum Rent Expiring
2024	27	368,559	\$ 4,449	1.2%	1.2%
2025	25	491,212	8,505	2.2%	3.4%
2026	103	1,020,706	11,262	3.0%	6.4%
2027	37	942,288	12,562	3.3%	9.7%
2028	26	675,312	11,027	2.9%	12.6%
2029	61	400,274	8,133	2.1%	14.7%
2030	34	160,464	4,905	1.3%	16.0%
2031	27	390,854	5,015	1.3%	17.3%
2032	35	145,509	2,872	0.8%	18.1%
2033	212	5,342,487	264,979	69.5%	87.6%
2034	19	314,725	5,534	1.5%	89.1%
2035	44	1,152,479	19,084	5.0%	94.1%
2036	15	304,540	5,555	1.5%	95.6%
2037	8	303,702	2,886	0.8%	96.4%
2038	7	66,700	1,263	0.3%	96.7%
2039	9	138,043	3,276	0.9%	97.6%
2040	19	117,879	2,486	0.7%	98.3%
2041	6	216,040	2,233	0.6%	98.9%
2042	–	–	–	–%	98.9%
2043	1	57,543	155	–%	98.9%
2044	3	126,116	353	0.1%	99.0%
2045	11	154,966	3,923	1.0%	100.0%
Total	729	12,890,398	\$ 380,457	100.0%	
Weighted Average Lease Term		<u>7.9 years</u>	<u>8.4 years</u>		



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

Net Lease Portfolio - Occupancy Summary

As of June 30, 2024

	As of and For the Three Months Ended				
	6/30/2024	3/31/2024	12/31/2023	9/30/2023	6/30/2023
Properties (end of period)	749	749	752	761	763
Vacant properties beginning of period	20	22	32	30	27
Vacant property sales / leased	(1)	(3)	(12)	(2)	(2)
Lease terminations	1	1	2	4	5
Vacant properties end of the period	20	20	22	32	30
Percentage of properties leased	97.3 %	97.3 %	97.1 %	95.8 %	96.1 %



Appendix



The Company:

SVC is a 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 155 market indices and comprises more than 1% of the following indices as of June 30, 2024: Global High Dividend REITs and Infrastructure Price Return Index (GHDRIP), Bloomberg Reit Hotels Index (BBREHOTL), Invesco S&P SmallCap Financials ETF INAV Index (PSCFIV), Solactive Global SuperDividend v2 Index (SOLSDIV2), Solactive Global SuperDividend Index (SOLSDIV) 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, 2024, RMR had over \$41 billion of real estate assets under management and the combined RMR managed companies had more than \$5 billion of annual revenues, approximately 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.

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SVC is followed by the analysts and its publicly held debt 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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Calculation of FFO, Normalized FFO and CAD



(amounts in thousands, except per share data)

	For the Three Months Ended					For the Six Months Ended	
	6/30/2024	3/31/2024	12/31/2023	9/30/2023	6/30/2023	6/30/2024	6/30/2023
Net (loss) income	\$ (73,850)	\$ (78,383)	\$ (43,323)	\$ (4,128)	\$ (11,278)	\$ (152,233)	\$ 14,672
Add (Less):							
Depreciation and amortization	95,674	93,107	94,952	94,498	94,571	188,781	194,610
Loss on asset impairment, net ⁽⁵⁾	34,887	2,451	27	512	9,005	37,338	9,005
Loss (gain) on sale of real estate, net ⁽⁶⁾	32	2,963	(1,280)	(123)	62	2,995	(41,836)
Loss (gain) on equity securities, net	–	–	–	–	593	–	(48,837)
Adjustments to reflect SVC's share of FFO attributable to an investee	1,021	966	940	972	798	1,987	2,031
FFO	57,764	21,104	51,316	91,731	93,751	78,868	129,645
Add (Less):							
Loss on early extinguishment of debt, net ⁽⁷⁾	16,048	–	1,242	–	238	16,048	282
Adjustments to reflect SVC's share of Normalized FFO attributable to an investee	(2)	2	1,034	263	207	–	528
Transaction related costs ⁽⁴⁾	–	–	(3,556)	115	931	–	1,818
Normalized FFO	73,810	21,106	50,036	92,109	95,127	94,916	132,273
Add (Less):							
Non-cash revenues	(12,713)	(13,074)	(13,445)	(14,413)	(7,590)	(25,787)	(6,988)
Non-cash interest expense	7,466	7,226	7,066	6,608	6,804	14,692	12,036
Non-cash expenses	(120)	(1,086)	(1,030)	(573)	(45)	(1,206)	(1,048)
SVC's share of Normalized FFO attributable to an investee	1,697	4,370	568	(3,099)	(1,522)	6,067	1,145
Principal amortization	(490)	(489)	(489)	(489)	(489)	(979)	(653)
Recurring capital expenditures	(22,000)	(10,521)	(28,792)	(28,666)	(14,165)	(32,521)	(22,491)
CAD	\$ 47,650	\$ 7,532	\$ 13,914	\$ 51,477	\$ 78,120	\$ 55,182	\$ 114,274
Weighted average common shares outstanding (basic and diluted)	165,198	165,158	165,154	165,027	164,902	165,178	164,884
Basic and diluted per common share amounts:							
Net (loss) income	\$ (0.45)	\$ (0.48)	\$ (0.26)	\$ (0.03)	\$ (0.07)	\$ (0.92)	\$ 0.09
FFO	\$ 0.35	\$ 0.13	\$ 0.31	\$ 0.56	\$ 0.57	\$ 0.48	\$ 0.79
Normalized FFO	\$ 0.45	\$ 0.13	\$ 0.30	\$ 0.56	\$ 0.58	\$ 0.57	\$ 0.80
CAD	\$ 0.29	\$ 0.05	\$ 0.08	\$ 0.31	\$ 0.47	\$ 0.33	\$ 0.69

See accompanying notes on [page 36](#).

Calculation of EBITDA, EBITDAre and Adjusted EBITDAre

(dollars in thousands)

	For the Three Months Ended					For the Six Months Ended	
	6/30/2024	3/31/2024	12/31/2023	9/30/2023	6/30/2023	6/30/2024	6/30/2023
Net (loss) income	\$ (73,850)	\$ (78,383)	\$ (43,323)	\$ (4,128)	\$ (11,278)	\$ (152,233)	\$ 14,672
Add (Less):							
Interest expense	93,850	91,414	89,979	82,280	82,503	185,264	164,083
Income tax expense (benefit)	524	1,007	(723)	(2,242)	5,247	1,531	1,467
Depreciation and amortization	95,674	93,107	94,952	94,498	94,571	188,781	194,610
EBITDA	116,198	107,145	140,885	170,408	171,043	223,343	374,832
Add (Less):							
Loss on asset impairment, net ⁽⁵⁾	34,887	2,451	27	512	9,005	37,338	9,005
Loss (gain) on sale of real estate, net ⁽⁶⁾	32	2,963	(1,280)	(123)	62	2,995	(41,836)
Adjustments to reflect SVC's share of EBITDAre attributable to an investee	2,964	2,556	2,315	2,707	2,275	5,520	4,889
EBITDAre	154,081	115,115	141,947	173,504	182,385	269,196	346,890
Add (Less):							
Loss (gain) on equity securities, net	–	–	–	–	593	–	(48,837)
Loss on early extinguishment of debt, net ⁽⁷⁾	16,048	–	1,242	–	238	16,048	282
Adjustments to reflect SVC's share of Adjusted EBITDAre attributable to an investee	(2)	2	1,034	263	207	–	528
Transaction related costs ⁽⁴⁾	–	–	(3,556)	115	931	–	1,818
General and administrative expense paid in common shares	1,397	431	487	1,446	970	1,828	1,484
Adjusted EBITDAre	\$ 171,524	\$ 115,548	\$ 141,154	\$ 175,328	\$ 185,324	\$ 287,072	\$ 302,165

See accompanying notes on [page 36](#).

Calculation and Reconciliation of Hotel EBITDA - Comparable Hotels

(dollars in thousands)

	For the Three Months Ended					For the Six Months Ended	
	6/30/2024	3/31/2024	12/31/2023	9/30/2023	6/30/2023	6/30/2024	6/30/2023
Number of hotels	218	218	218	218	218	218	218
Room revenues	\$ 329,331	\$ 262,854	\$ 269,113	\$ 324,338	\$ 328,006	\$ 592,185	\$ 595,751
Food and beverage revenues	53,542	44,536	48,284	43,333	52,567	98,078	94,476
Other revenues	22,325	18,683	18,945	22,838	21,823	41,008	38,859
Hotel operating revenues - comparable hotels	<u>405,198</u>	<u>326,073</u>	<u>336,342</u>	<u>390,509</u>	<u>402,396</u>	<u>731,271</u>	<u>729,086</u>
Rooms expenses	100,588	88,930	90,787	103,135	100,312	189,518	188,494
Food and beverage expenses	40,641	37,083	37,788	35,953	38,964	77,724	73,300
Other direct and indirect expenses	134,379	127,047	121,842	131,999	127,108	261,426	251,539
Management fees	15,424	12,483	12,809	15,051	15,342	27,907	27,979
Real estate taxes, insurance and other	31,100	33,338	29,713	25,912	25,311	64,438	55,422
FF&E Reserves	1,724	1,082	981	1,689	1,710	2,806	3,249
Hotel operating expenses - comparable hotels	<u>323,856</u>	<u>299,963</u>	<u>293,920</u>	<u>313,739</u>	<u>308,747</u>	<u>623,819</u>	<u>599,983</u>
Hotel EBITDA	<u>\$ 81,342</u>	<u>\$ 26,110</u>	<u>\$ 42,422</u>	<u>\$ 76,770</u>	<u>\$ 93,649</u>	<u>\$ 107,452</u>	<u>\$ 129,103</u>
Hotel EBITDA Margin	20.1 %	8.0 %	12.6 %	19.7 %	23.3 %	14.7 %	17.7 %
Hotel operating revenues (GAAP) ⁽¹⁾	\$ 412,486	\$ 336,236	\$ 343,385	\$ 395,526	\$ 404,327	\$ 748,722	\$ 739,123
Add (Less):							
Hotel operating revenues from non-comparable hotels	(7,288)	(10,163)	(7,043)	(5,017)	(1,931)	(17,451)	(10,037)
Hotel operating revenues - comparable hotels	<u>\$ 405,198</u>	<u>\$ 326,073</u>	<u>\$ 336,342</u>	<u>\$ 390,509</u>	<u>\$ 402,396</u>	<u>\$ 731,271</u>	<u>\$ 729,086</u>
Hotel operating expenses (GAAP) ⁽¹⁾	\$ 328,247	\$ 305,086	\$ 297,488	\$ 317,752	\$ 309,100	\$ 633,333	\$ 608,666
Add (Less):							
Hotel operating expenses from non-comparable hotels	(6,214)	(7,348)	(5,820)	(6,263)	(2,409)	(13,562)	(13,234)
Reduction for guaranty fundings and replenishments, net ⁽³⁾	(522)	522	650	(140)	(195)	–	140
Management and incentive management fees paid from cash flows in excess of minimum returns and rents	–	–	–	80	(80)	–	(80)
FF&E Reserves from managed hotel operations	1,724	1,082	981	1,689	1,710	2,806	3,249
Other ⁽⁸⁾	621	621	621	621	621	1,242	1,242
Hotel operating expenses - comparable hotels	<u>\$ 323,856</u>	<u>\$ 299,963</u>	<u>\$ 293,920</u>	<u>\$ 313,739</u>	<u>\$ 308,747</u>	<u>\$ 623,819</u>	<u>\$ 599,983</u>

See accompanying notes on [page 36](#).

Calculation and Reconciliation of Hotel EBITDA - All Hotels*

(dollars in thousands)

	For the Three Months Ended				For the Six Months Ended		
	6/30/2024	3/31/2024	12/31/2023	9/30/2023	6/30/2023	6/30/2024	6/30/2023
Number of hotels	220	220	221	221	221	220	221
Room revenues	\$ 334,118	\$ 269,926	\$ 273,869	\$ 327,688	\$ 329,484	\$ 604,044	\$ 604,751
Food and beverage revenues	55,136	46,563	49,878	44,279	52,837	101,699	95,082
Other revenues	23,232	19,747	19,638	23,559	22,006	42,979	39,290
Hotel operating revenues	<u>412,486</u>	<u>336,236</u>	<u>343,385</u>	<u>395,526</u>	<u>404,327</u>	<u>748,722</u>	<u>739,123</u>
Rooms expenses	102,068	90,806	92,477	104,550	100,935	192,874	192,235
Food and beverage expenses	41,945	38,513	39,095	36,997	39,282	80,458	74,032
Other direct and indirect expenses	134,889	127,578	121,289	132,254	126,360	262,467	254,562
Management fees	15,060	12,294	12,583	14,611	14,855	27,354	26,998
Real estate taxes, insurance and other	34,384	37,038	33,315	29,900	28,014	71,422	62,142
FF&E Reserves	1,723	1,092	992	1,719	1,737	2,815	3,729
Hotel operating expenses	<u>330,069</u>	<u>307,321</u>	<u>299,751</u>	<u>320,031</u>	<u>311,183</u>	<u>637,390</u>	<u>613,698</u>
Hotel EBITDA	<u>\$ 82,417</u>	<u>\$ 28,915</u>	<u>\$ 43,634</u>	<u>\$ 75,495</u>	<u>\$ 93,144</u>	<u>\$ 111,332</u>	<u>\$ 125,425</u>
Hotel EBITDA Margin	20.0 %	8.6 %	12.7 %	19.1 %	23.0 %	14.9 %	17.0 %
Hotel operating expenses (GAAP) ⁽¹⁾	\$ 328,247	\$ 305,086	\$ 297,488	\$ 317,752	\$ 309,100	\$ 633,333	\$ 608,666
Add (Less):							
Reduction for guaranty fundings and replenishments, net ⁽³⁾	(522)	522	650	(140)	(195)	–	140
Management and incentive management fees paid from cash flows in excess of minimum returns and rents	–	–	–	80	(80)	–	(80)
FF&E Reserves from managed hotel operations	1,723	1,092	992	1,718	1,737	2,815	3,730
Other ⁽⁸⁾	621	621	621	621	621	1,242	1,242
Hotel operating expenses	<u>\$ 330,069</u>	<u>\$ 307,321</u>	<u>\$ 299,751</u>	<u>\$ 320,031</u>	<u>\$ 311,183</u>	<u>\$ 637,390</u>	<u>\$ 613,698</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 36](#).

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



(dollars in thousands)

- (1) As of June 30, 2024, SVC owned 220 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 \$4,778 and \$2,767 for the three months ended June 30, 2024 and 2023, respectively, and increased rental income by \$10,546 and \$319 for the six months ended June 30, 2024 and 2023, 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 replenishment in its condensed consolidated statements of income (loss) as an increase to hotel operating expenses. The net increase to hotel operating expenses was \$522 and \$195 for the three months ended June 30, 2024 and 2023, respectively, and the net decrease was \$140 for the six months ended June 30, 2023. No adjustment was required for the six months ended June 30, 2024.
- (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.
- (5) SVC recorded a net loss on asset impairment for the three and six months ended June 30, 2024 of \$34,887 and \$37,338, respectively, to reduce the carrying value of eight hotels and two net lease properties in the three month period, and eight hotels and six net lease properties in the six month period, to their estimated fair value less costs to sell.
SVC recorded a loss on asset impairment for both the three and six months ended June 30, 2023 of \$9,005 to reduce the carrying value of 16 net lease properties to their estimated fair value less costs to sell.
- (6) SVC recorded a net loss on sale of real estate during the six months ended June 30, 2024 of \$2,995 in connection with the sales of one hotel and three net lease properties.
SVC recorded a net loss on sale of real estate during the six months ended June 30, 2023 of \$41,836 in connection with the sales of 18 hotels and two net lease properties.
- (7) SVC recorded a net loss on early extinguishment of debt during the three and six months ended June 30, 2024 of \$16,048 in connection with a make-whole premium and the write off of unamortized deferred financing costs and discounts relating to the redemption of its \$800,000 senior unsecured notes due 2025 and the purchase and satisfaction and discharge pursuant to a cash tender offer of its \$350,000 senior unsecured notes due 2025.
SVC recorded a loss on early extinguishment of debt during the three and six months ended June 30, 2023 of \$238 and \$282, respectively, in connection with the write off of unamortized deferred financing costs and unamortized discounts relating to the amendment of its revolving credit facility and the repayment of certain unsecured senior notes.
- (8) 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, 2024 and 2023, related to this liability, and \$1,242 for each of the six months ended June 30, 2024 and 2023, related to this liability.

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, CAD, 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 income (loss) as indicators of SVC's operating performance or as measures of its liquidity. These measures should be considered in conjunction with net income (loss) 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 income (loss). 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 funds from operations, or Normalized FFO, as shown on [page 32](#). FFO is calculated on the basis defined by The National Association of Real Estate Investment Trusts, or Nareit, which is net income (loss), calculated in accordance with GAAP, excluding any gain or loss on sale of real estate 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 32](#). 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.

Cash Available for Distribution: SVC calculates cash available for distribution, or CAD, as shown on [page 32](#). SVC defines CAD as Normalized FFO minus SVC's proportionate share of Normalized FFO from its equity method investment, plus operating cash flow distributions from its equity method investment, if any, less recurring real estate related capital expenditures and adjusted for other non-cash and nonrecurring items. CAD is among the factors considered by SVC's Board of Trustees when determining the amount of distributions to SVC's shareholders. Other real estate companies and REITs may calculate CAD 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 33](#). 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 33](#). 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 the 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 defines comparable hotels as those that it owned on June 30, 2024 and were open and operating for the entirety of the periods being compared. For the periods presented, SVC's comparable results exclude two hotels. One of the hotels was not owned for the entirety of the periods presented and the other 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, 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.

Earnings and Adjustments Attributable to an Investee: Represents SVC's proportionate share from its equity investment in Sonesta Holdco Corporation and its subsidiaries, or Sonesta.

FF&E Reserves: FF&E Reserves, or FF&E Reserves from managed hotel operations, represent various percentages of total sales at certain of SVC's hotels that 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.

Gain (Loss) on Equity Securities, Net: 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 its fair value.

General and Administrative Expense Paid in Common Shares: Amounts represent the equity compensation for SVC's Trustees, officers and certain other officers and employees of RMR.

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 Capital Improvements and FF&E Reserve Fundings: Generally include obsolete building components and expenditures that extend the useful life of existing assets or replacement of furniture, fixtures and equipment (FF&E).

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

Hotel Renovations, Redevelopment and Other Activities: Hotel Renovations, Redevelopment and Other Activities generally include comprehensive hotel renovation projects, brand standard updates, projects that reposition a property or result in new sources of revenue and other non-recurring capital expenditures.

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.

Lease Related Costs: Generally include capital expenditures used to improve tenants' space or amounts paid directly to tenants to improve their space and leasing related costs, such as brokerage commissions and tenant inducements.

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.

Non-Cash Expenses: Non-cash expenses represent general and administrative expense paid in common shares and amortization of liabilities relating to SVC's initial investment in Sonesta and its former investment in The RMR Group, Inc.

Non-Cash Interest Expense: Non-cash interest expense represents amortization of debt issuance costs, discounts and premiums.

Non-Cash Revenues: Non-cash revenues represent straight-line rent adjustments, lease value amortization, FF&E Reserves, including interest income earned, and the impact of rents prepaid by TA.

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.

Rolling four quarter CAD: Represents CAD for the preceding twelve month period as of the respective quarter end date.

SOFR: SOFR is the secured overnight financing rate.

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

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: cash flows and rent coverage; implementing strategic capital investments; creating long-term value for shareholders; 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 those expressed or implied by forward-looking statements include, but are not limited to, the following: the ability of Sonesta 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 commercial real estate industry conditions due to, among other things, high interest rates, prolonged high inflation, labor market challenges, supply chain disruptions, volatility in the public equity and debt markets, pandemics, geopolitical instability and tensions, economic downturns or a possible recession or changes in real estate utilization; if and when business transient hotel business will return to historical 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 pay distributions to its shareholders and to increase or sustain the amount of such distributions; 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 under SVC's management agreements and leases by its managers and tenants; SVC's ability to increase hotel room rates and rents at its net 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 make cost-effective improvements to SVC's properties that enhance their 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 ability to realize benefits from the scale, geographic diversity, strategic locations and variety of service levels of its hotels; limitations imposed by, and SVC's ability to satisfy, complex rules 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 of pandemics or other public health safety events or conditions, war or other hostilities, global 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 SVC's periodic reports, or incorporated therein, identifies important factors that could cause differences from SVC's forward-looking statements in this presentation. SVC's filings with the SEC are available on the SEC's website at www.sec.gov.

You should not place undue reliance upon SVC's forward-looking statements. Except as required by law, SVC does not intend to update or change any forward-looking statements as a result of new information, future events or otherwise.