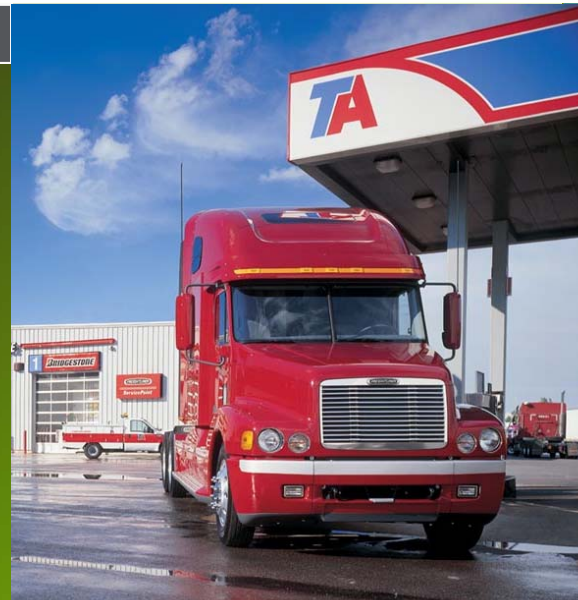
SERVICE
PROPERTIES TRUST

Service Properties Trust

(Nasdaq: SVC)
Investor Presentation
May 2021



Warning Concerning Forward-Looking Statements.

This presentation contains statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other securities laws. Whenever we use words such as “believe,” “expect,” “anticipate,” “intend,” “plan,” “estimate,” “will,” “may” and negatives or derivatives of these or similar expressions, we are making forward-looking statements. These forward-looking statements are based upon our present intent, beliefs or expectations, but forward-looking statements are not guaranteed to occur and may not occur. Forward-looking statements in this presentation relate to various aspects of our business, including: the duration and severity of the economic downturn resulting from the COVID-19 pandemic and its impact on us and our managers and tenants, and our and their ability to operate throughout the pandemic and its aftermath, our expectations about the ability of Sonesta Holdco Corporation and its subsidiaries, or Sonesta, to operate the hotels that have been or may be transferred and rebranded to it, our benefits from our ownership interest in Sonesta, the likelihood and extent to which our managers and tenants will pay the contractual amounts of returns, rents or other obligations due to us, our ability to maintain sufficient liquidity during the duration of the COVID-19 pandemic and resulting economic downturn, potential defaults on, or non-renewal of, leases by our tenants, decreased rental rates or increased vacancies, our sales and acquisitions of properties, our policies and plans regarding investments, financings and dispositions, our expectation that certain of our managers and tenants benefit from changing consumer behavior caused by the COVID-19 pandemic, our ability to pay interest on and principal of our debt, our ability to pay distributions to our shareholders and to sustain the amount of such distributions, our ability to raise or appropriately balance the use of debt or equity capital, our intent to make improvements to certain of our properties, our ability to engage and retain qualified managers and tenants for our hotels and net lease properties on satisfactory terms, our ability to diversify our sources of rents and returns that improve the security of our cash flows, the future availability of borrowings under our revolving credit facility, our credit ratings, our expectation that we benefit from our relationships with The RMR Group LLC, or RMR LLC, Sonesta and TravelCenters of America Inc., or TA, our qualification for taxation as a real estate investment trust, or REIT, changes in federal or state tax laws, and other matters.

Our actual results may differ materially from those contained in or implied by our forward-looking statements as a result of various factors, such as the impact of conditions in the economy, including the COVID-19 pandemic and the resulting economic downturn, and the capital markets on us and our managers and tenants, competition within the real estate, hotel, transportation and travel center and other industries in which our managers and tenants operate, particularly in those markets in which our properties are located, compliance with, and changes to applicable laws, regulations, rules and similar matters, limitations imposed on our business and our ability to satisfy complex rules in order for us to maintain our qualification for taxation as a REIT for U.S. federal income tax purposes, acts of terrorism, outbreaks of pandemics, including the COVID-19 pandemic, or other man-made or natural disasters beyond our control and actual and potential conflicts of interest with our related parties, including our Managing Trustees, TA, Sonesta, RMR LLC and others affiliated with them. Our Annual Report on Form 10-K for the year ended December 31, 2020 and our other filings with the Securities and Exchange Commission, or SEC, identify other important factors that could cause differences from our forward-looking statements. Our filings with the SEC are available on the SEC’s website at www.SEC.gov. You should not place undue reliance upon our forward-looking statements. Except as required by law, we do not intend to update or change any forward-looking statements as a result of new information, future events or otherwise.

Non-GAAP Financial Measures

This presentation contains Non-GAAP financial measures including, among others, “FFO”, “Normalized FFO”, “EBITDA”, “Hotel EBITDA”, “Adjusted Hotel EBITDA”, “EBITDAre”, and “Adjusted EBITDAre” in the Financial Information section. Reconciliations for those metrics to the most directly comparable financial measure calculated in accordance with U.S generally accepted accounting principles, or GAAP, are included herein.

Unless otherwise noted, all data presented is as of and for the three months ended March 31, 2021.

Please refer to page 28 for certain definitions of terms used throughout this presentation.

Business and Portfolio Characteristics.

National Scale	• $12.2 billion invested in a diversified portfolio of 1,108 properties. • 310 hotels with 49,015 hotel keys / 798 net lease service retail properties with 13.5 million square feet. • SVC also owns approximately 34.0% and 8.1% of the common shares of Sonesta International Hotels Corporation and TravelCenters of America, Inc., respectively.
Diversification	• SVC invests in two asset categories, hotels and service-focused retail net lease properties, to provide diversification to SVC's cash flows. • Properties operated in 22 industries with 142 brands. • Geographically diverse portfolio located across 47 states, Washington, DC, Puerto Rico and Canada.
Defensively-Positioned Hotel Portfolio	• SVC's hotel portfolio is weighted toward extended stay properties, which have outperformed the lodging industry since the start of the COVID-19 pandemic. • SVC expects its drive-to, suburban extended stay and select service hotels will outperform its urban full service hotels in 2021 and 2022.
Net Lease Assets Provide Reliable Income	• Necessity-based retail assets with strong rent coverage of 2.19x. • Low capex requirements under the triple net lease structure. • Weighted average remaining lease term of 10.7 years. • Diverse portfolio 98.5% leased to 168 different tenants.
Strong Balance Sheet	• Well-laddered debt maturities for senior unsecured notes. • No debt maturities until August 2022. • Over $12 billion of diverse real estate assets.

SVC: Key Takeaways.

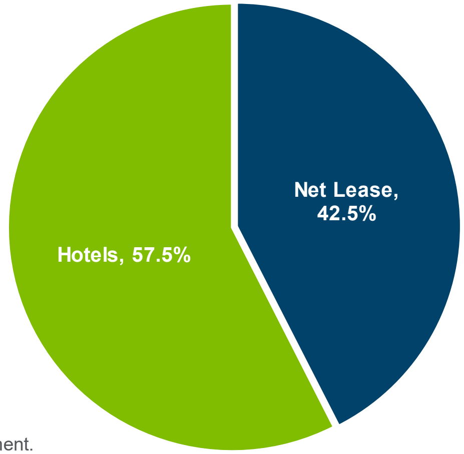
Recent Events

- Rebranded 88 hotels during February and March 2021, following 111 hotels during December 2020.
- SVC’s 165 extended stay hotels generated Q1 2021 occupancies of 54.5%, compared with occupancies of 31.2% and 28.7%, respectively, for its 94 select service and 51 full-service hotels.
- SVC’s hotel portfolio was cash flow positive before capital expenditures for April 2021 despite the rebranding of 200 hotels during the prior four months. SVC’s extended stay hotels continue to outperform other service levels with April occupancy of 66.3%, compared with occupancies of 42.5% and 41.3%, respectively, for its full service and select service hotels.
- Net lease rent collections were 97.7% for April 2021 and 93.1% for the first quarter of 2020.
- Sold five hotels with 430 rooms in May for $22.3 million.
- As of May 21, 2021, SVC had approximately $900 million of liquidity.

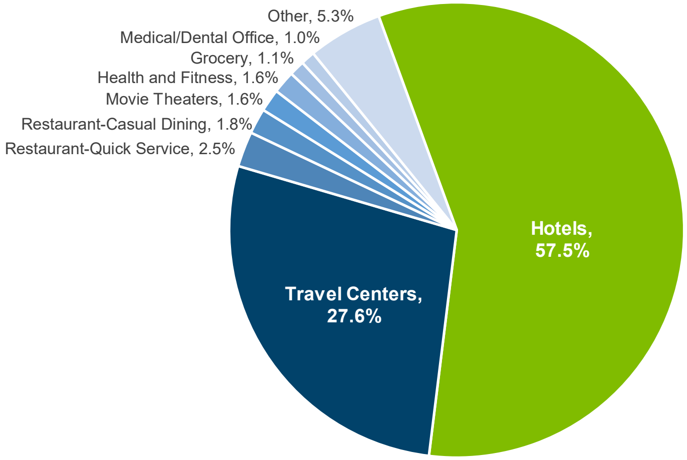
Portfolio Highlights.

	Hotels	Net Lease Assets	Total
Properties	310	798	1,108
Keys / Square Feet	49,015	13.5 msf	49,015/ 13.5 msf
States	39	42	47
Investments	$7.0bn	$5.2bn	$12.2bn

Portfolio by Property Type (1)



Diversification by Industry (1)



(1) Based on investment.

SVC's properties are located in 47 states, Washington DC, Puerto Rico, and Canada.

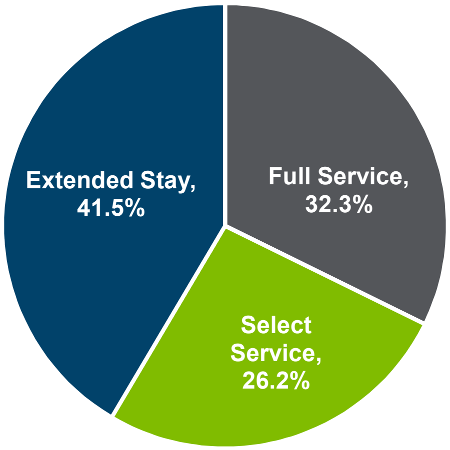
- SVC has invested $12.2 billion in its real estate portfolio.
- SVC's investments are located in various markets near multiple demand generators.
- SVC believes geographic diversity mitigates market risk.

		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
1	California	58	36	22	$ 1,331,232	11 %	$ 1,058,410	15 %	$ 272,822	5 %
2	Texas	94	35	59	1,074,296	9 %	533,997	8 %	540,299	10 %
3	Georgia	95	21	74	752,919	6 %	482,425	7 %	270,494	5 %
4	Illinois	73	13	60	727,128	6 %	432,716	6 %	294,412	6 %
5	Florida	62	14	48	547,087	5 %	298,938	4 %	248,149	5 %
6	Ohio	52	11	41	520,663	4 %	189,393	3 %	331,270	6 %
7	Arizona	40	15	25	481,063	4 %	233,289	3 %	247,774	5 %
8	Pennsylvania	40	10	30	419,170	3 %	210,217	3 %	208,953	4 %
9	New Jersey	18	15	3	410,380	3 %	309,402	4 %	100,978	2 %
10	Louisiana	15	3	12	374,150	3 %	242,445	4 %	131,705	3 %
	Top 10	547	173	374	$ 6,638,088	54 %	$ 3,991,232	57 %	$ 2,646,856	51 %
	Other	561	137	424	5,516,571	46 %	2,999,398	43 %	2,517,173	49 %
	Total	1,108	310	798	$ 12,154,659	100 %	$ 6,990,630	100 %	$ 5,164,029	100 %

Hotel Portfolio

Hotel Portfolio: Diversified by Location and Service Level.

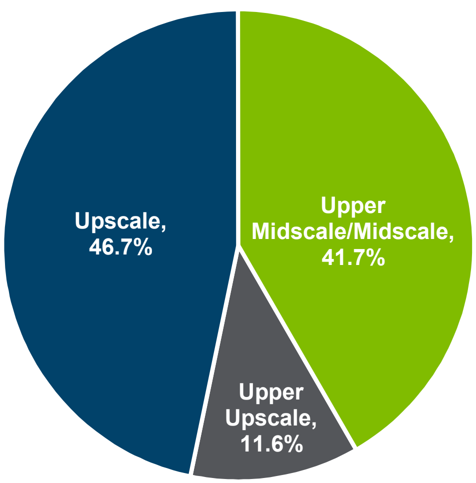
By Service Level[(1)]



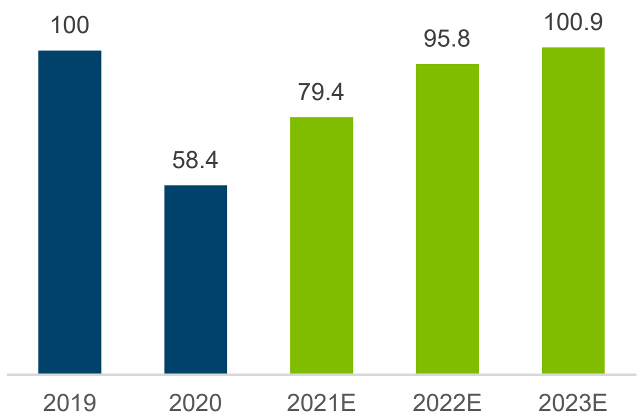
By Location

	Keys	% of Portfolio
Suburban	28,225	58%
Urban	9,509	19%
Airport	7,731	16%
Resort	2,596	5%
Small Metro	632	1%
Interstate	321	1%
Total	**49,015**	**100%**

By Chain Scale[(1)]



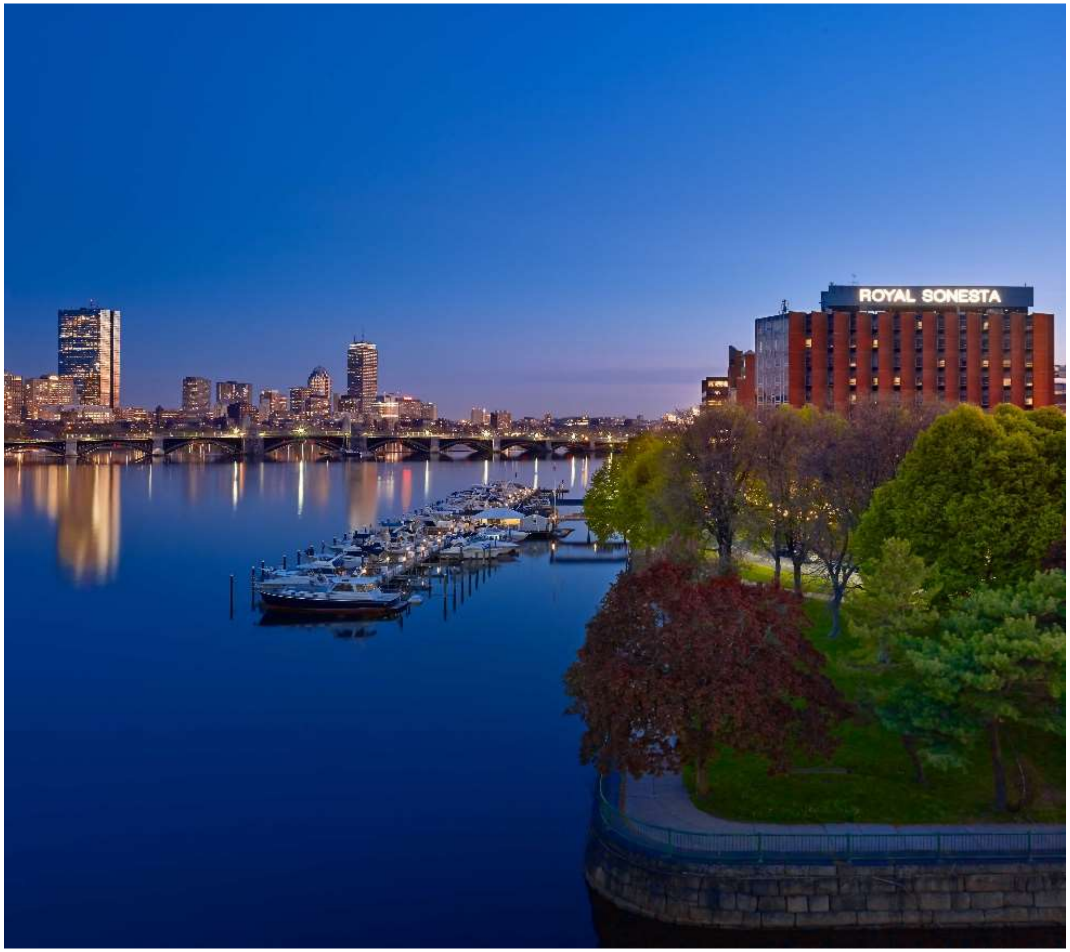
Demand Index – Upscale[(2)]



(1) Based number of guest rooms as of March 31, 2021.
(2) Source: Costar - May 2021.

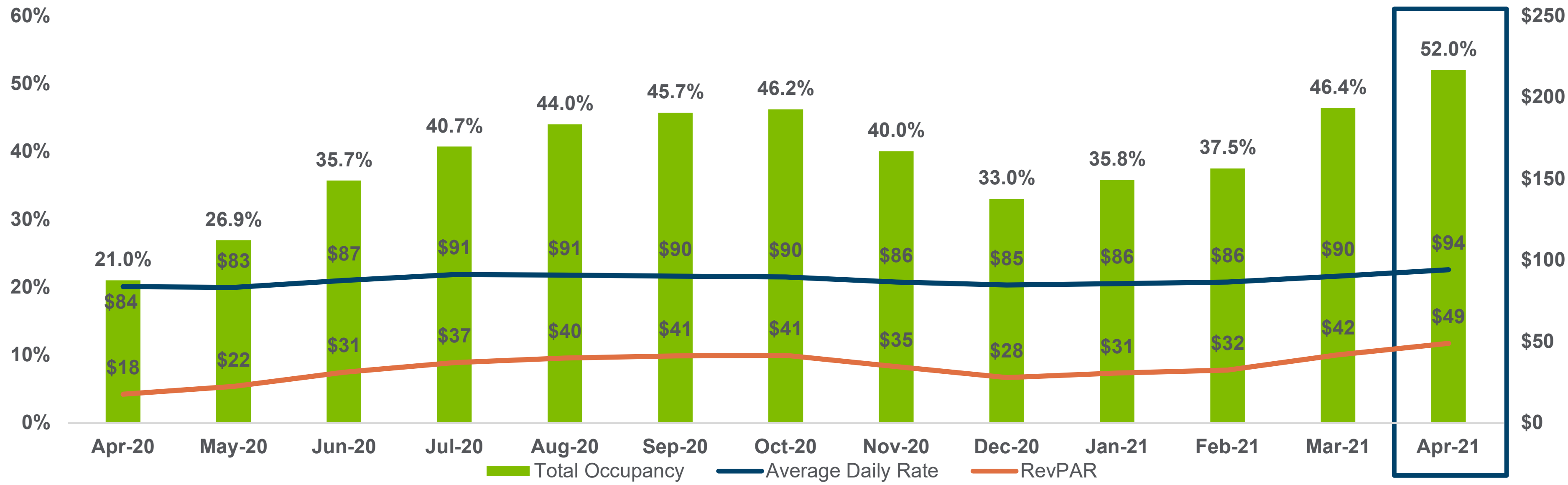
Hotel Portfolio: Sonesta Transitions.

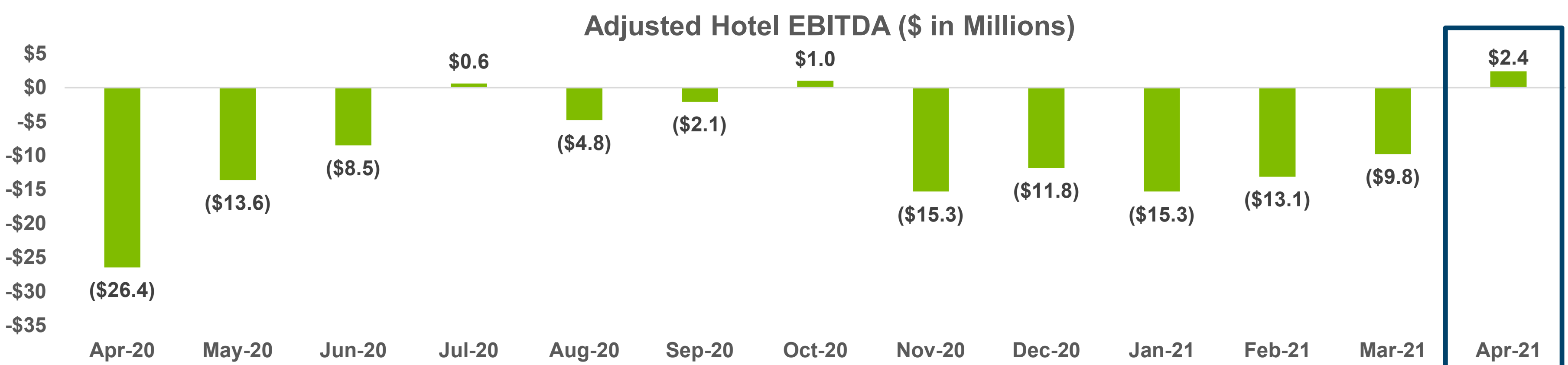
- SVC has transferred the branding and management of 200 hotels to Sonesta from IHG, Marriott and Wyndham, following the termination of their management agreements with SVC.
- SVC entered short-term agreements with Sonesta and is evaluating the portfolio for disposition or redevelopment opportunities.
- With Sonesta as manager, SVC will have greater flexibility to closely asset manage these hotels and execute on any decisions to repurpose or sell underperforming hotels.
- SVC owns approximately 34% of Sonesta and expects to indirectly share in the benefit of these new management agreements and in the hotels' performance as they ramp up in the post-pandemic recovery.
- Transitions negatively impacted results in Q4 2020 and Q1 2021 but stabilization and performance recovery is expected going forward.



SONESTA HOTELS AND RESORTS | ROYAL SONESTA | SONESTA select | SONESTA Simply Suites | Sonesta ES SUITES

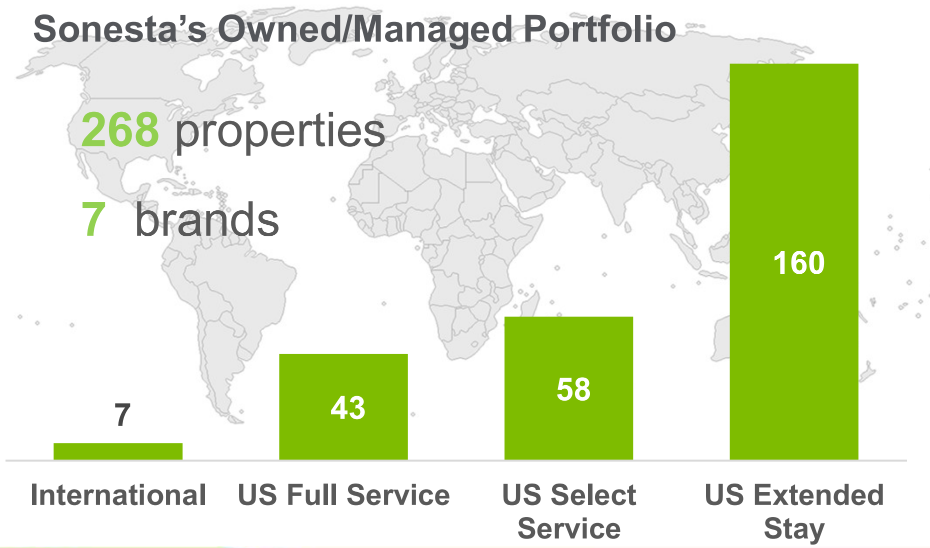
Hotel Portfolio: Results by Month.





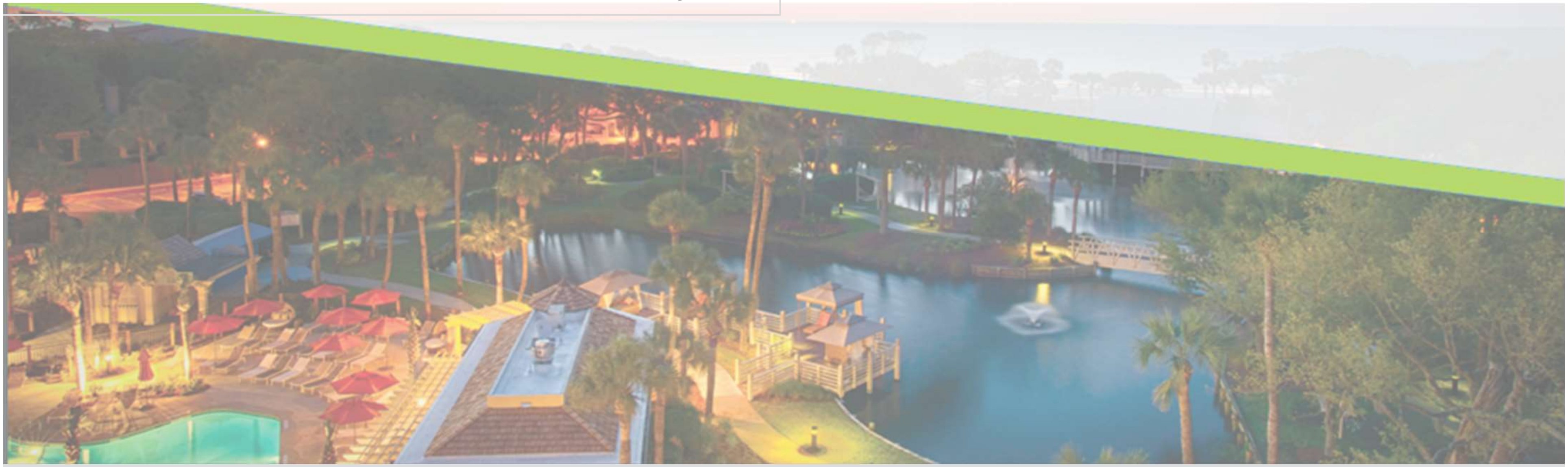
Hotels Rebranded	3	1	--	111	--	78	10	--

Hotel Portfolio: Sonesta at a Glance.



March 2021 - Sonesta Closed the Transformative Acquisition of Red Lion Hotels

- Sonesta started 2020 as a manager of 58 hotels under three Sonesta-specific brands in the U.S.
- With the transition of 200 SVC hotels and the acquisition of Red Lion Hotels, Sonesta is now the eighth largest hotel company in the U.S., with approximately 1,200 managed or franchised locations, more than 140,000 guest rooms and a portfolio of 15 brands across multiple market segments.
- The acquisition also significantly accelerates Sonesta's hotel franchising capabilities and opens up a multitude of opportunities to leverage scale.

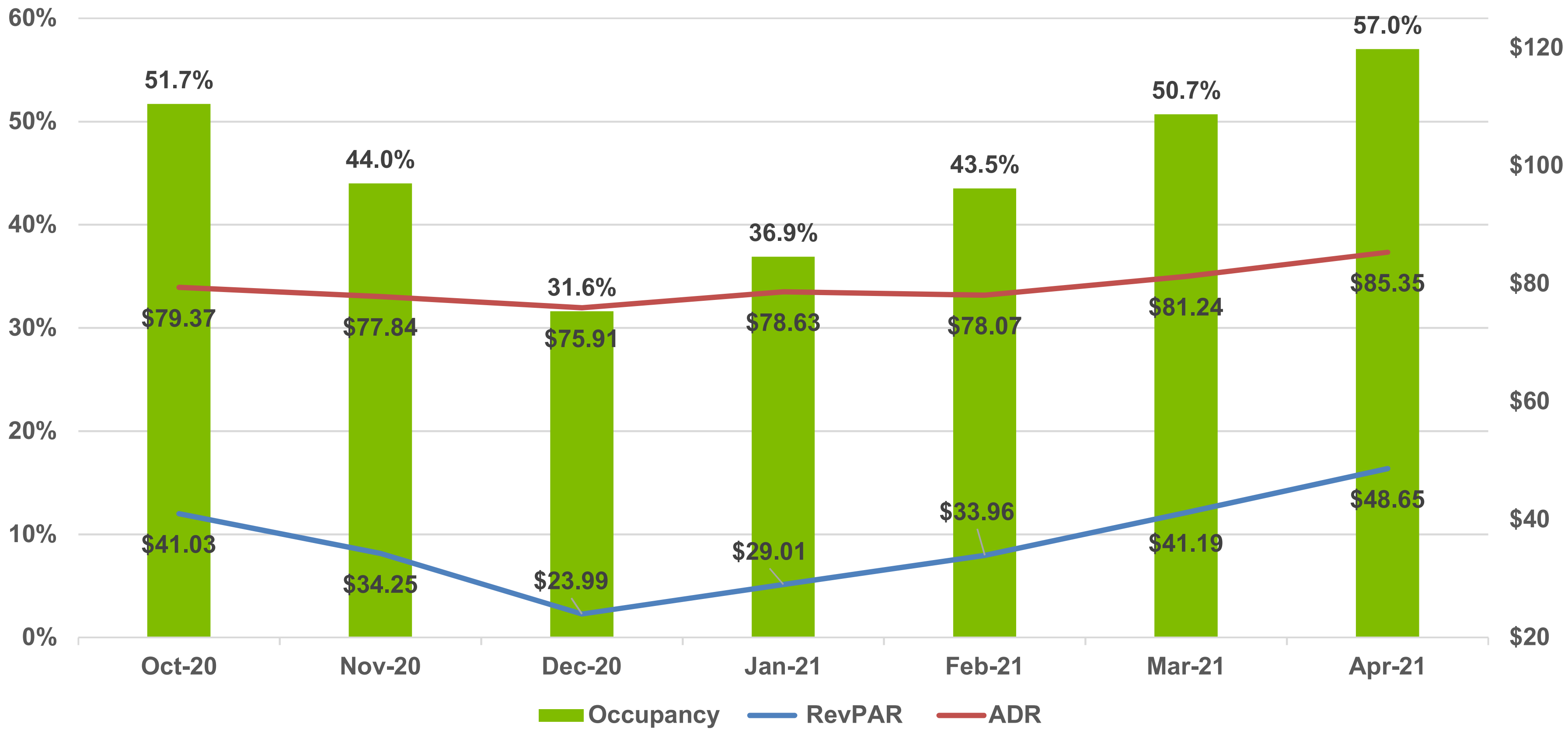


Hotel Portfolio: Recent Developments at Sonesta.

National Presence	Prior to the Red Lion acquisition, Sonesta was an owner, operator and franchisor of hotels under the Royal Sonesta, Sonesta, Sonesta Select, Sonesta Simply Suites and Sonesta ES Suites brands. Sonesta managed 37 full service hotels, 73 select service hotels and 160 extended stay hotels in the United States and franchised or operated 24 hotels internationally.
Red Lion Acquisition Broadly Expands Sonesta's Footprint	Following the March 2021 acquisition of Red Lion Hotels, Sonesta now has approximately 1,200 locations, more than 140,000 guest rooms and a portfolio of 15 brands. The Red Lion acquisition significantly enhances Sonesta's existing franchising capabilities by adding more than 900 franchised locations to its existing global footprint of branded hotels and enhancing Sonesta's opportunity to franchise its core brands.
Recent Hires Add Further Depth to Management Team	Sonesta has recently added several key members to its management team in the roles of Chief Operating Officer, Chief Commercial Officer, Chief Marketing Officer, Chief Information Officer and Executive Vice President and President of Franchise & Development. These additions bring deep and varied hotel operational experience to Sonesta.
Sonesta's Expansion to Drive Economies of Scale	As a result of its recent expansion, SVC expects to experience hotel-level operating cost synergies related to Sonesta's greater scale, including reduced OTA commission rates and lower pricing on supplies, as well as reduced administrative and overhead labor costs by clustering resources across hotels in close proximity to one another.
SVC Further Benefits from Ownership Stake in Sonesta	SVC owns a 34% equity interest in Sonesta. In addition to benefitting from the post-COVID ramp-up of these hotels, SVC will benefit from a larger, more well-known Sonesta and increased brand awareness, which should in turn also benefit SVC's existing Sonesta-operated hotels.
Sonesta is Benefitting from Changing Consumer Behavior	The COVID-19 pandemic is causing changes in consumer behavior and expectations. Over the past four quarters, Sonesta's extended stay portfolio outperformed its competitive set and gained significant market share. SVC believes that over the next several years, large, in-person group meetings may occur less frequently and as a result, business travelers may generate fewer rewards points, eroding the value of the guest affinity programs in driving business. Subsequently, guests may be more focused on their travel experience, safety and service, all areas where Sonesta more effectively competes with the major brands.

Hotel Portfolio: Performance of Sonesta Rebranded Hotels.

- 115 hotels were rebranded to Sonesta from IHG, Marriott and Wyndham between September and December 2020, including 111 hotels in the month of December.
- Performance continues to ramp up for the 115 hotels that were rebranded between September and December 2020; RevPAR is stabilizing to pre-conversion levels and in April, these 115 hotel were breakeven at RevPAR of $48.65.



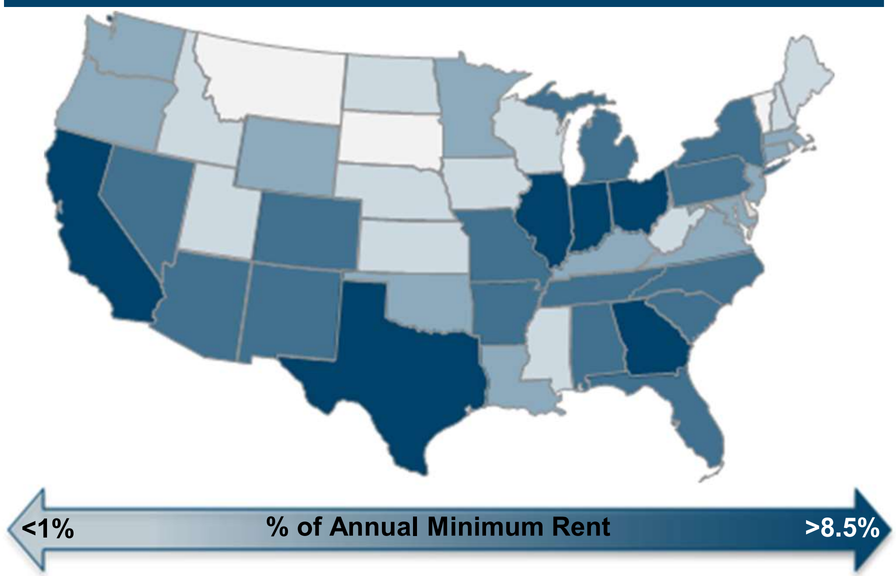
Net Lease Portfolio

Net Lease Portfolio: High-Quality Service & Necessity Based Assets.

Net Lease Portfolio Statistics

798 Properties	**$375.8mm** Annual Contractual Rent
13.5mm Rentable Square Feet	**10.7 years** Weighted Average Lease Term
98.5% Occupancy	**2.19x** W.A. FCCR

Diverse Geographical Footprint (1)

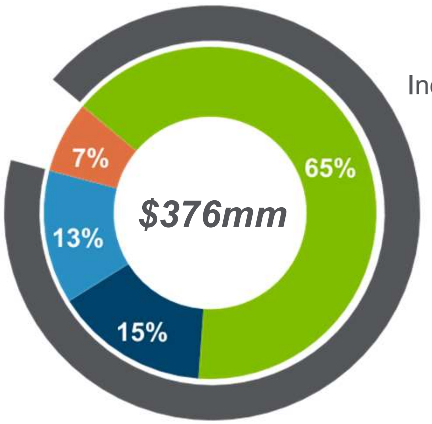


21 Industries | 125 Brands

(1) By annual minimum rent.

Net Lease Portfolio: Reliable Income Stream and Low Capex Requirements.

Lease Structures [1]

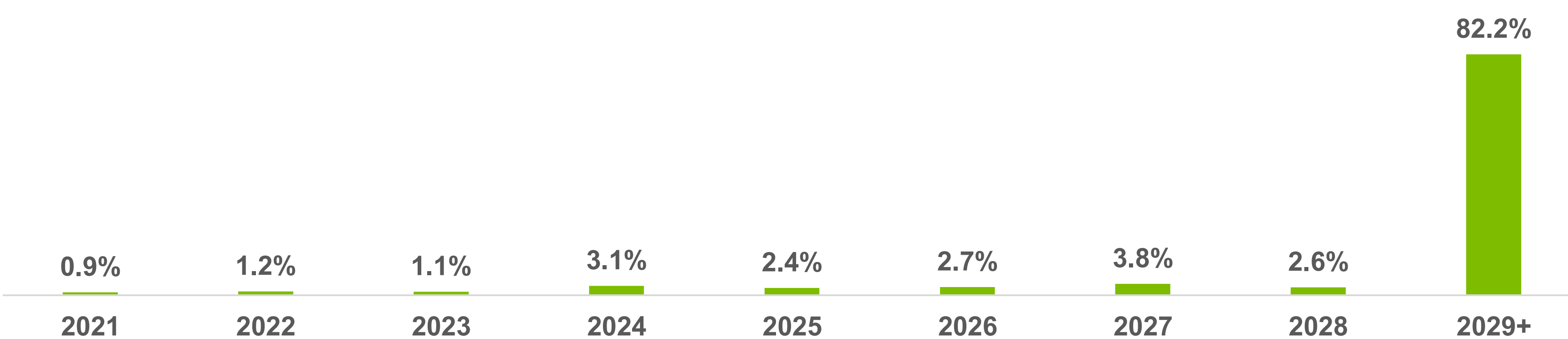


93%

of Leases Have Contractual Increases or Percentage Rent to Mitigate Inflation Risk

- Percentage Rent
- CPI
- Fixed/Scheduled
- Flat

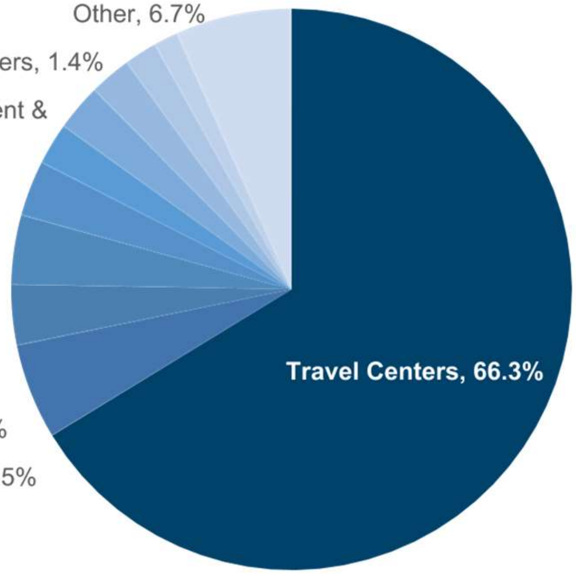
Well-Laddered Lease Expirations [1]



(1) By annual minimum rent.

Net Lease Portfolio: Diversified Tenants & Industries Mitigate Risk.

Tenants by Industry (1)



Tenants by Brand (1)

Brand	% of Annualized Minimum Rent	Coverage
TravelCenters of America	44.7%	2.01x
Petro Stopping Centers	20.8%	1.65x
AMC Theatres	2.3%	-0.03x
The Great Escape	1.9%	2.02x
Lifetime Fitness	1.5%	1.52x
Buehler's Fresh Foods	1.5%	4.79x
Heartland Dental	1.2%	3.38x
Norms	0.8%	0.47x
Express Oil Change	0.9%	4.14x
Pizza Hut	0.9%	1.61x
Other	23.5%	3.07x
	100%	**2.19x**

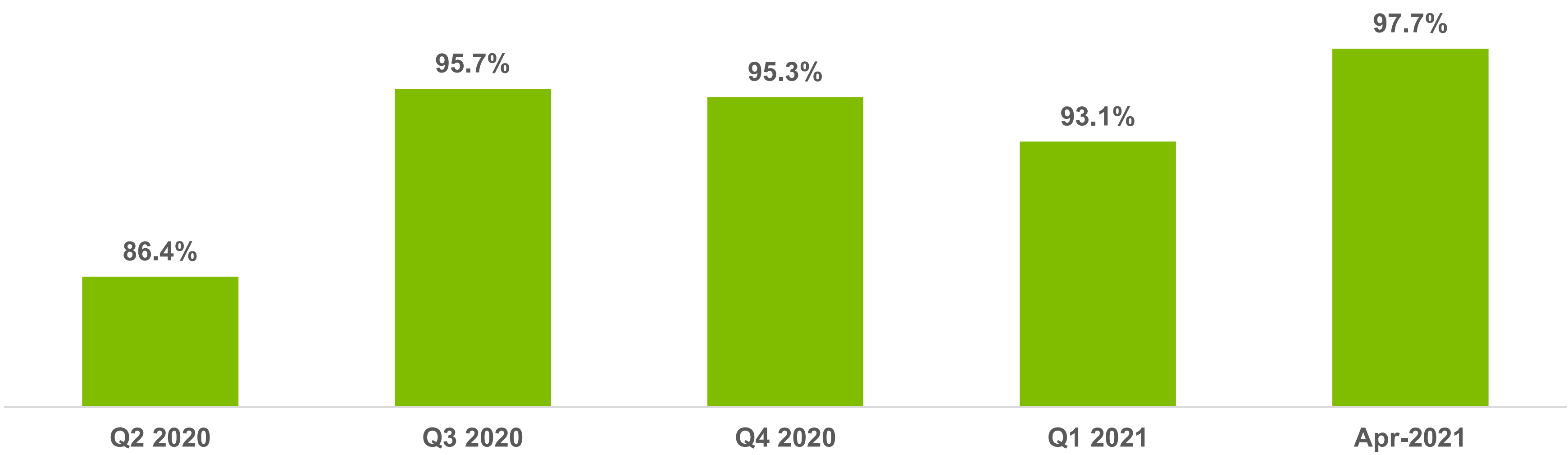
(1) By annual minimum rent.

Net Lease Portfolio: Recent Developments.

Portfolio Updates-Stable Cash Flows

- Represents 42.5% of SVC's portfolio based on investment.
- Rent collections from SVC's net lease tenants improved to 97.7% in April 2021 from 80.5% in April 2020.
- As of April 30, 2021, SVC has an aggregate of $11 million of deferred rents outstanding.
- Net lease rents largely cover SVC's corporate overhead and debt service.

Net Lease Rent Collections by Quarter



Net Lease Portfolio: Recent Developments.

Portfolio Updates – TravelCenters of America

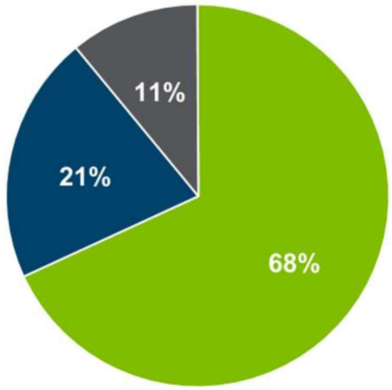
- Represents approximately 27.6% of SVC's portfolio based on investment.
- Rent comprised of annual minimum cash payments of $246 million.
- TA's travel centers provide essential services to support the U.S. supply chain and remained operational through the pandemic.
- TA is current on all of its lease payments due to SVC.
- LTM rent coverage of 1.9x through March.
- Full-service restaurants at TA's travel centers were temporarily closed as a result of COVID-19 but approximately two thirds have reopened; all other services are operating.

Financial Information

Balance Sheet Overview as of March 31, 2021.

Book Capitalization

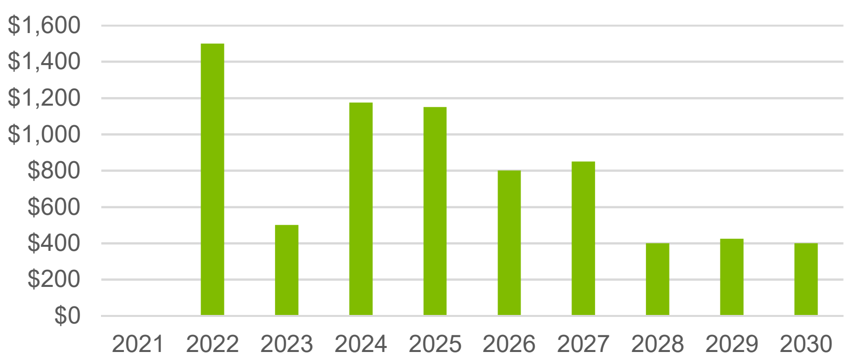
Floating Rate Debt	11%
Unsecured Fixed Rate Debt	68%
Shareholder's Equity	21%



Strong Balance Sheet

- Unsecured senior notes: $6.2 billion.
- $1 billion revolving credit facility:
  - July 2022 maturity plus two six-month extensions.
  - Fully drawn in January 2021 to preserve financial flexibility.
- No derivatives, off-balance sheet liabilities, or material adverse change clauses or ratings triggers.

Well Laddered Senior Debt Maturities



Leverage/Coverage Ratios

Net Debt / Total Gross Assets	**49.1%**
Net Debt / Gross Book Value of Real Estate Assets	**51.0%**
LTM Adjusted EBITDA*re* / LTM Interest Expense	**1.14x**
Net Debt / LTM EBITDA*re* (1)	**17.1x**

(1) Represents the twelve months ended March 31, 2021.

Public Debt Covenants.

Metric	Covenant	March 31, 2021
Total Debt / Adjusted Total Assets	Allowable Maximum: 60.0%	55.4%
Secured Debt / Adjusted Total Assets	Allowable Maximum: 40.0%	7.7%
Consolidated Income Available for Debt Service / Debt Service	Required Minimum: 1.50x	1.12x[1]
Total Unencumbered Assets / Unsecured Debt	Required Minimum: 150%	179.6%

(1) As of March 31, 2021, we were below the covenant levels under our debt agreements necessary to incur debt, and, as a result, we will not be able to incur additional debt while below these levels.

Calculation of Funds From Operations (FFO) and Normalized FFO.

(amounts in thousands, except per share data)		For the Three Months Ended				
		3/31/2021	12/31/2020	9/30/2020	6/30/2020	3/31/2020
Net loss		$ (194,990)	$ (137,740)	$ (102,642)	$ (37,349)	$ (33,650)
Add (Less):	Depreciation and amortization	124,368	121,351	122,204	127,427	127,926
	Loss on asset impairment (1)	1,211	254	10,248	28,514	16,740
	(Gain) loss on sale of real estate, net (2)	9	(11,916)	(109)	2,853	6,911
	Unrealized (gains) losses on equity securities, net (3)	6,481	(15,473)	(5,606)	(3,848)	5,045
	Adjustments to reflect our share of FFO attributable to an investee (4)	465	400	(900)	327	112
FFO		(62,456)	(43,124)	23,195	117,924	123,084
Add (Less):	Adjustments to reflect our share of Normalized FFO attributable to an investee (4)	825	964	–	–	–
	Loss on early extinguishment of debt (5)	–	2,424	–	6,970	–
	Loss contingency (6)	–	3,962	–	–	–
	Gain on insurance settlement, net of tax (7)	–	(1,800)	–	(46,736)	–
	Hotel manager transition related costs (8)	19,635	15,100	–	–	–
Normalized FFO		$ (41,996)	$ (22,474)	$ 23,195	$ 78,158	$ 123,084
Weighted average shares outstanding (basic)		164,498	164,498	164,435	164,382	164,370
Weighted average shares outstanding (diluted)		164,498	164,498	164,435	164,382	164,370
Basic and diluted per share common share amounts:						
Net loss		$ (1.19)	$ (0.84)	$ (0.62)	$ (0.23)	$ (0.20)
FFO		$ (0.38)	$ (0.26)	$ 0.14	$ 0.72	$ 0.75
Normalized FFO		$ (0.26)	$ (0.14)	$ 0.14	$ 0.48	$ 0.75

Calculation of EBITDA, EBITDA*re* and Adjusted EBITDA*re*.

(dollars in thousands)

		For the Three Months Ended				
		3/31/2021	12/31/2020	9/30/2020	6/30/2020	3/31/2020
Net loss		$ (194,990)	$ (137,740)	$ (102,642)	$ (37,349)	$ (33,650)
Add (Less):	Interest expense	89,391	82,811	80,532	72,072	71,075
	Income tax expense (benefit) [7]	853	505	(296)	16,660	342
	Depreciation and amortization	124,368	121,351	122,204	127,427	127,926
EBITDA		19,622	66,927	99,798	178,810	165,693
Add (Less):	Loss on asset impairment [1]	1,211	254	10,248	28,514	16,740
	(Gain) loss on sale of real estate, net [2]	9	(11,916)	(109)	2,853	6,911
	Adjustments to reflect our share of EBITDA*re* attributable to an investee [4]	543	–	–	–	–
EBITDA*re*		21,385	55,265	109,937	210,177	189,344
Add (less):	Unrealized (gains) losses on equity securities, net [3]	6,481	(15,473)	(5,606)	(3,848)	5,045
	Adjustments to reflect our share of Adjusted EBITDA*re* attributable to an investee [4]	825	2,755	(1,583)	421	158
	Loss on early extinguishment of debt [5]	–	2,424	–	6,970	–
	Loss contingency [6]	–	3,962	–	–	–
	Gain on insurance settlement [7]	–	–	–	(62,386)	–
	Hotel manager transition related costs [8]	19,635	15,100	–	–	–
	General and administrative expense paid in common shares [9]	379	920	863	832	590
Adjusted EBITDA*re*		$ 48,705	$ 64,953	$ 103,611	$ 152,166	$ 195,137

Calculation and Reconciliation of Hotel EBITDA: Comparable Hotels.

(dollars in thousands)	For the Three Months Ended				
	3/31/2021	12/31/2020	9/30/2020	6/30/2020	3/31/2020
Number of hotels	*304*	*304*	*304*	*304*	*304*
Room revenues	$ 149,850	$ 152,602	$ 173,594	$ 104,018	$ 305,920
Food and beverage revenues	7,383	7,566	6,552	2,352	45,250
Other revenues	7,424	9,096	11,274	5,712	15,425
Hotel operating revenues - comparable hotels	164,657	169,264	191,420	112,082	366,595
Rooms expenses	56,401	57,410	56,389	41,866	99,837
Food and beverage expenses	8,454	9,640	9,766	7,695	41,392
Other direct and indirect expenses	118,451	110,965	96,786	79,021	147,261
Management fees	5,065	2,233	1,709	968	2,691
Real estate taxes, insurance and other	30,021	28,880	28,382	28,785	29,825
FF&E reserves (10)	752	380	262	3	10,570
Hotel operating expenses - comparable hotels	219,144	209,508	193,294	158,338	331,576
Hotel EBITDA	$ (54,487)	$ (40,244)	$ (1,874)	$ (46,256)	$ 35,019
Loss contingency (6)	–	3,962	–	–	–
Hotel manager transition costs (8)	19,344	14,212	–	–	–
Adjusted Hotel EBITDA	$ (35,143)	$ (22,070)	$ (1,874)	$ (46,256)	$ 35,019
Adjusted Hotel EBITDA Margin	(21)%	(13)%	(1)%	(41)%	10 %
Hotel operating revenues (GAAP) (11)	$ 168,953	$ 174,520	$ 199,719	$ 117,356	$ 383,503
Hotel operating revenues from non-comparable hotels	(4,296)	(5,256)	(8,299)	(5,274)	(16,908)
Hotel operating revenues - comparable hotels	$ 164,657	$ 169,264	$ 191,420	$ 112,082	$ 366,595
Hotel operating expenses (GAAP) (11)	$ 214,987	$ 204,998	$ 174,801	$ 46,957	$ 271,148
Add (less)					
Hotel operating expenses from non-comparable hotels	(7,620)	(9,888)	(12,864)	(10,398)	(21,227)
Reduction for security deposit and guaranty fundings, net (12)	10,392	13,387	30,474	121,155	70,506
Management and incentive management fees paid from cashflows in excess of minimum returns and rents	–	–	–	–	–
FF&E reserves from managed hotel operations (10)	764	390	262	3	10,942
Other (13)	621	621	621	621	207
Hotel operating expenses - comparable hotels	$ 219,144	$ 209,508	$ 193,294	$ 158,338	$ 331,576

Calculation and Reconciliation of Hotel EBITDA: All Hotels.

(dollars in thousands)

	For the Three Months Ended				
	3/31/2021	12/31/2020	9/30/2020	6/30/2020	3/31/2020
Number of hotels	*310*	*310*	*329*	*329*	*329*
Room revenues	$ 152,728	$ 159,022	$ 182,366	$ 109,516	$ 322,668
Food and beverage revenues	8,172	7,911	6,786	2,411	49,722
Other revenues	8,053	9,485	12,895	9,667	16,292
Hotel operating revenues	168,953	176,418	202,047	121,594	388,682
Rooms expenses	56,578	59,784	59,711	44,267	107,066
Food and beverage expenses	9,042	9,928	11,420	8,325	46,045
Other direct and indirect expenses	119,401	112,428	97,993	80,827	146,671
Management fees	5,238	2,436	1,781	969	2,864
Real estate taxes, insurance and other	35,741	36,655	37,169	36,263	44,288
FF&E reserves (10)	764	390	262	(515)	11,137
Hotel operating expenses	226,764	221,621	208,336	170,136	358,071
Hotel EBITDA	$ (57,811)	$ (45,203)	$ (6,289)	$ (48,542)	$ 30,611
Loss contingency (6)	–	3,962	–	–	–
Hotel manager transition costs (8)	19,635	15,100	–	–	–
Adjusted Hotel EBITDA	$ (38,176)	$ (26,141)	$ (6,289)	$ (48,542)	$ 30,611
Adjusted Hotel EBITDA Margin	(23)%	(15)%	(3)%	(40)%	8 %
Hotel operating revenues (GAAP) (11)	$ 168,953	$ 174,520	$ 199,719	$ 117,356	$ 383,503
Add: hotel revenues of leased hotels	–	1,898	2,328	4,238	5,179
Hotel operating revenues	$ 168,953	$ 176,418	$ 202,047	$ 121,594	$ 388,682
Hotel operating expenses (GAAP) (11)	$ 214,987	$ 204,998	$ 174,801	$ 46,957	$ 271,148
Add (less)					
Reduction for security deposit and guaranty fundings, net (12)	10,392	13,387	30,474	121,155	70,506
Hotel expenses for leased hotels	–	2,225	2,178	1,403	5,268
Management and incentive management fees paid from cashflows in excess of minimum returns and rents	–	–	–	–	–
FF&E reserves from managed hotel operations (10)	764	390	262	–	10,942
Other (13)	621	621	621	621	207
Hotel operating expenses	$ 226,764	$ 221,621	$ 208,336	$ 170,136	$ 358,071

Notes to Calculations of FFO, Normalized FFO, EBITDA, EBITDAre, Adjusted EBITDAre, Hotel EBITDA and Adjusted Hotel EBITDA

1) We recorded a $1,211 loss on asset impairment during the three months ended March 31, 2021 to reduce the carrying value of two net lease properties to their estimated fair value. We recorded a $254 loss on asset impairment during the three months ended December 31, 2020 to reduce the carrying value of five net lease properties to their estimated fair value. We recorded a $10,248 loss on asset impairment during the three months ended September 30, 2020 to reduce the carrying value of one hotel and two net lease properties to their estimated fair value. We recorded a $28,514 loss on asset impairment during the three months ended June 30, 2020 to reduce the carrying value of 17 hotel properties and four net lease properties to their estimated fair value. We recorded a $16,740 loss on asset impairment during the three months ended March 31, 2020 to reduce the carrying value of two net lease properties to their estimated fair value less costs to sell and two hotels to their estimated fair value.

2) We recorded a $9 loss on sale of real estate during the three months ended March 31, 2021 in connection with the sale of one net lease property. We recorded a a $11,916 net gain on sale of real estate during the three months ended December 31, 2020 in connection with the sales of 18 hotels and six net lease properties, a $109 net gain on sale of real estate during the three months ended September 30, 2020 in connection with the sales of five net lease properties, a $2,853 net loss on sale of real estate during the three months ended June 30, 2020 in connection with the sales of four net lease properties and a $6,911 loss on sale of real estate during the three months ended March 31, 2020 in connection with the sale of six net lease properties.

3) Unrealized gains (losses) on equity securities, net represents the adjustment required to adjust the carrying value of our investment in TA common shares to their fair value.

4) Represents our proportionate share from our equity investment in Sonesta.

5) We recorded a loss of $2,424 and $6,970 during the quarters ended December 31, 2020 and June 30, 2020, respectively, on extinguishment of debt relating to our repayment of our $400 million term loan and certain unsecured senior notes.

6) Hotel operating expenses for the three months ended December 31, 2020 includes a $3,962 loss contingency related to a litigation matter at certain hotels.

7) We recorded a $62,386 gain on insurance settlement during the three months ended June 30, 2020 for insurance proceeds received for our leased hotel in San Juan, PR related to Hurricane Maria. Under GAAP, we are required to increase the building basis of our San Juan hotel for the amount of the insurance proceeds. We also recorded a $13,850 deferred tax liability as a result of the book value to tax basis difference related to this accounting in the three months ended March 31, 2021.

8) Hotel operating expenses for the three months ended March 31, 2021 includes $19,635 of hotel manager transition related costs resulting from the rebranding of 88 hotels during the period. Hotel operating expenses for the three months ended December 31, 2020 includes $15,100 of hotel manager transition related costs resulting from the rebranding of 112 hotels during the period.

9) Amounts represent the equity compensation for our Trustees, officers and certain other employees of our manager.

10) Various percentages of total sales at certain of our hotels are escrowed as reserves for future renovations or refurbishments, or FF&E reserve escrows. We own all the FF&E reserve escrows for our hotels.

11) As of March 31, 2021, we owned 310 hotels; 305 of these hotels were managed by hotel operating companies. We have entered into an agreement to sell five hotels and we have entered into a short term lease of these properties with the buyer in anticipation of the sale. Our condensed consolidated statements of income (loss) include hotel operating revenues and expenses of managed hotels and rental income from our leased hotels.

12) When managers of our hotels are required to fund the shortfalls of minimum returns under the terms of our management agreements or their guarantees, we reflect such fundings (including security deposit applications) in our condensed consolidated statements of income (loss) as a reduction of hotel operating expenses. The net reduction to hotel operating expenses was $10,392 and $70,506 for the three months ended March 31, 2021 and 2020, respectively.

13) We are amortizing a liability we recorded for the fair value of our initial investment in Sonesta as a reduction to hotel operating expenses in our condensed consolidated statements of income (loss).

Non-GAAP Financial Measures Definitions.

Non-GAAP Financial Measures: SVC presents certain “non-GAAP financial measures” within the meaning of applicable Securities and Exchange Commission, or SEC, rules, including EBITDA, Hotel EBITDA, EBITDA*re*, Adjusted EBITDA*re*, FFO and Normalized FFO. 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 its operating performance or as measures of its liquidity. These measures should be considered in conjunction with net income (loss) as presented in its consolidated statements of income. 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.

EBITDA, EBITDA*re* and Adjusted EBITDA*re*: SVC calculates earnings before interest, taxes, depreciation and amortization, or EBITDA, EBITDA for real estate, or EBITDA*re*, and Adjusted EBITDA*re* as shown on page 25. EBITDA*re* is calculated on the basis defined by The National Association of Real Estate Investment Trusts, or Nareit, which is EBITDA, excluding gains and losses on the sale of real estate, loss on impairment of real estate assets, if any, as well as certain other adjustments currently not applicable to SVC. In calculating Adjusted EBITDA*re*, SVC adjusts for the items shown on page 25 and include business management incentive fees only in the fourth quarter versus the quarter when they are recognized as expense in accordance with GAAP due to their quarterly volatility not necessarily being indicative of its core operating performance and the uncertainty as to whether any such business management incentive fees will be payable when all contingencies for determining such fees are known at the end of the calendar year. Other real estate companies and REITs may calculate EBITDA, EBITDA*re* and Adjusted EBITDA*re* differently than SVC.

FFO and Normalized FFO: SVC calculates funds from operations, or FFO, and Normalized FFO as shown on page 24. FFO is calculated on the basis defined by Nareit, which is net income (loss), 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 unrealized gains and losses on equity securities, as well as certain other adjustments currently not applicable to us. In calculating Normalized FFO, SVC adjusts for the item shown on page 24 and include business management incentive fees, if any, only in the fourth quarter versus the quarter when they are recognized as expense in accordance with GAAP due to their quarterly volatility not necessarily being indicative of its core operating performance and the uncertainty as to whether any such business management incentive fees will be payable when all contingencies for determining such fees are known at the end of the calendar year. FFO and Normalized FFO are among the factors considered by SVC's Board of Trustees when determining the amount of distributions to its shareholders. Other factors include, but are not limited to, requirements to maintain its qualification for taxation as a REIT, limitations in its credit agreement and public debt covenants, the availability to us of debt and equity capital, SVC's distribution rate as a percentage of the trading price of SVC's 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.

Hotel EBITDA and Adjusted Hotel EBITDA: SVC defines Hotel EBITDA, a non-GAAP financial measure, as hotel operating revenues less hotel operating expenses of all managed and leased hotels, prior to any adjustments required for presentation in its consolidated statements of income (loss) in accordance with GAAP. Adjusted Hotel EBITDA excludes certain items SVC believes do not reflect the ongoing operating performance of its hotels. SVC believes that Hotel EBITDA and Adjusted Hotel EBITDA provide useful information to management and investors as key measures of the profitability of its hotel operations.

Coverage: SVC defines net lease coverage as earnings before interest, taxes, depreciation, amortization and rent, or EBITDAR, divided by the annual minimum rent due to us weighted by the minimum rent of the property to total minimum rents of the net lease portfolio. EBITDAR amounts used to determine rent coverage are generally for the latest twelve month period reported 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 us. Tenants that do not report operating information are excluded from the coverage calculations. Coverage amounts include data for certain properties for periods prior to when SVC acquired them. In instances where SVC does not have financial information for the most recent quarter from its tenants, SVC has calculated an implied EBITDAR for 2020 using industry benchmark data to more accurately reflect the impact of COVID-19 on its tenants’ operations. SVC believes using only financial information from the earlier periods could be misleading as it would not reflect the negative impact those tenants experienced as a result of the COVID-19 pandemic. As a result, SVC believes using this industry benchmark data provides a more accurate estimated representation of recent operating results and coverage for those tenants.

Investment: Represents historical cost of properties plus capital improvements funded by SVC less impairment writedowns, if any, and excludes capital improvements made from FF&E reserves funded from hotel operations which do not result in increases in minimum returns or rents.

Net Debt: Represents total debt less cash and cash equivalents as of the date reported.

Management Platform

Strong Management Platform and Affiliate Advantages.

SVC IS MANAGED BY THE RMR GROUP, AN ALTERNATIVE ASSET MANAGER

~$32 Billion in AUM

Approximately 600 CRE Professionals

More than 30 Offices Throughout the U.S.

Combined RMR Managed Companies:

$10 Billion in Annual Revenues

Approximately 2,100 Properties

Approximately 43,000 Employees

Financial Services:	Real Estate Services:	Business Services:
Accounting	Acquisitions/ Dispositions	Administration
Capital Markets	Asset Management	Human Resources
Compliance/ Audit	Construction/ Development	Information Technology (IT)
Finance/ Planning	Engineering	Investor Relations
Treasury	Leasing	Marketing
Tax	Property Management	Legal/ Risk Management

National Multi-Sector Investment Platform

Office | Industrial | Government | Medical Office | Life Science | Senior Housing | Hotels | Retail

The RMR Group LLC and Shareholder Alignment.

RMR base management fee tied to SVC share price performance.

- Consists of an annual fee equal to generally 50 bps multiplied **by the lower of:** (1) SVC's historical cost of real estate, or (2) SVC's total market capitalization.
- There is no incentive fee for RMR to complete any transaction that could reduce share price.

RMR incentive fees contingent on total shareholder return[1] outperformance.

- Equal to 12% of value generated by SVC in excess of the benchmark index total returns (SNL US Hotel REIT Index) per share over a three year period, subject to a cap (1.5% of equity market cap).
- Absolute dollar outperformance must be positive to receive an incentive fee: it can't be negative but better than the index.
- Shareholders keep 100% of benchmark returns and 88% of returns in excess of the benchmark.

Other fees.

- Property management fee consists of an annual fee based on 3.0% of rents collected at SVC's managed retail net lease properties (excluding TA).

Alignment of Interests
If SVC's stock price goes up and its total market cap exceeds its historical cost of real estate, RMR base management fee is capped at 50 bps of historical cost of real estate.
If total market cap is less than historical cost of real estate, base fee fluctuates with share price.
Incentive fee structure keeps RMR focused on increasing total shareholder return.
Members of RMR senior management and RMR are holders of SVC stock, RMR is subject to long term lock up agreements.
SVC shareholders have visibility into RMR, a publicly traded company.
SVC benefits from RMR's national footprint and economies of scale of $32 billion platform.

(1) To determine final share price in SVC's Total Return calculation, the business management agreement requires that the highest ten day share price average within the last 30 trading days of the measurement period be used. In the past, this and other less significant factors have resulted in differences between SNL's calculation of SVC's total return percentage and the total return percentage computed under the agreement.