



**SERVICE
PROPERTIES TRUST**

Investor Presentation

November 2024 | Nasdaq: SVC



Warning Concerning Forward-Looking Statements, Disclaimers and Non-GAAP Financial Measures



The contents of this presentation are not to be construed as legal, regulatory, business, accounting or tax advice. You should consult your own attorney, business advisor, accountant and tax advisor as to legal, regulatory, business, accounting and tax advice. This presentation has been prepared exclusively for the internal confidential use of the recipient only. This presentation is confidential. Any reproduction or distribution of this presentation, in whole or in part, or the disclosure of the contents hereof, without the prior written consent of SVC, is prohibited.

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: SVC's ability to generate consistent cash flows, the expected impact of capital expenditures, the ability to use its liquidity to optimize its portfolio, its planned sales of hotels, expected proceeds and capital expenditure savings therefrom, and the ability to unlock liquidity and enhance SVC's flexibility to reduce leverage.

Forward-looking statements reflect SVC'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 Holdco Corporation and its subsidiaries, or Sonesta's, 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 sell properties at prices it targets; 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 make cost-effective improvements to SVC's properties that enhance their appeal to hotel guests and net lease tenants; 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 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 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, 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 real estate investment trust, or 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 Securities and Exchange Commission, or 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.

Notes Regarding Certain Information in this Presentation

This presentation contains industry and statistical data that SVC obtained from various third party sources. Nothing in the data used or derived from third party sources should be construed as investment advice. Some data and other information presented are also based on SVC's good faith estimates and beliefs derived from its review of internal surveys and independent sources and its experience. SVC believes that these external sources, estimates and beliefs are reliable and reasonable, but it has not independently verified them. Although SVC is not aware of any misstatements regarding the data presented herein, these estimates and beliefs involve inherent risks and uncertainties and are based on assumptions that are subject to change.

Unless otherwise noted, all data presented are as of or for the three months ended September 30, 2024.

Non-GAAP Financial Measures

This presentation contains non-GAAP financial measures including FFO, Normalized FFO, CAD, EBITDA, Hotel EBITDA, EBITDAre and Adjusted EBITDAre. Calculations of, and reconciliations for these metrics to the closest GAAP metrics, are included in Financial Information hereto.

Investment Highlights



- 1** Diversified net lease necessity-based retail and hotel portfolio with national scale creates resilience through market cycles.
- 2** Retail assets with quality tenants position SVC to generate consistent cash flows.
- 3** Transforming hotel portfolio to focus on full-service hotels and high performing focused service hotels in key markets.
- 4** Capex investment in hotel portfolio to improve asset quality and operating performance.
- 5** Strong financial position with no near-term debt maturities and ample liquidity for portfolio optimization initiatives.



SVC: A Diversified Portfolio



SVC is a publicly traded REIT with over \$11 billion invested in two asset categories, **hotels** and **service-focused retail net lease properties**, significantly diversifying its cash flows.



Complementary Portfolios Create Stability Through Market Cycles with Significant Upside



Diverse portfolio of hotel assets with national brands



- 56% of portfolio based on investment.
- Geographically diverse across 36 states, Washington, D.C., Puerto Rico and Canada.
- Focused on destination, urban and near-urban locations with solid demand drivers.
- Largest operator is Sonesta International Hotels Corporation, one of the fastest growing hotel brands in the U.S., as well as Hyatt, Radisson and Intercontinental.

Defensively positioned service-focused retail net lease portfolio



- 44% of portfolio based on investment.
- Necessity-based retail assets with strong rent coverage, low capex requirements and long lease terms.
- Well diversified by geography, tenant and industry to mitigate risk.
- Long average lease terms and low capex requirements create stability.
- Exposure to service-based concepts aligns with consumer preferences and provides insulation from ecommerce disruption.
- Largest tenant (29% of SVC's investment) backed by investment grade credit.



Hotel Portfolio

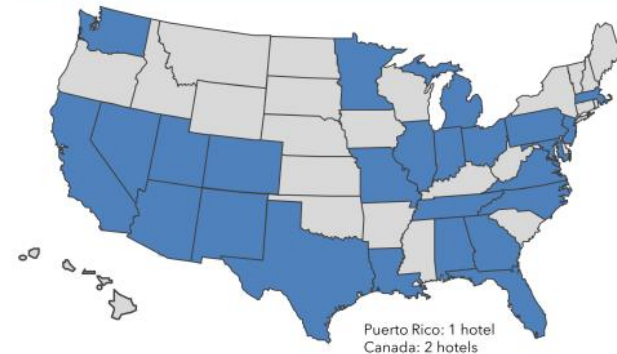
Hotel Portfolio: At a Glance



Portfolio Statistics

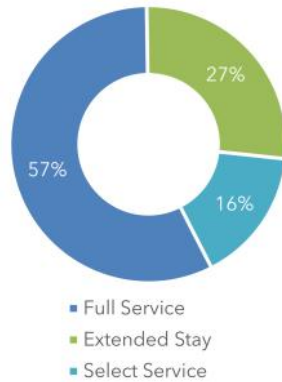
214 Properties	36,875 Number of Keys
172 Average Keys Per Hotel	CA, FL, TX Top States by Revenue
\$6.4B Investment	\$173K Investment Per Key

Geographic Diversification

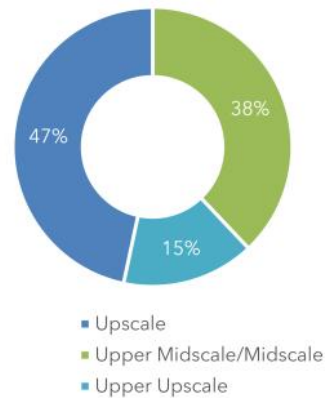


Portfolio Segmentation Highlights

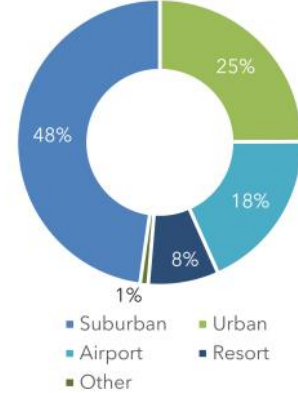
Service Level⁽¹⁾



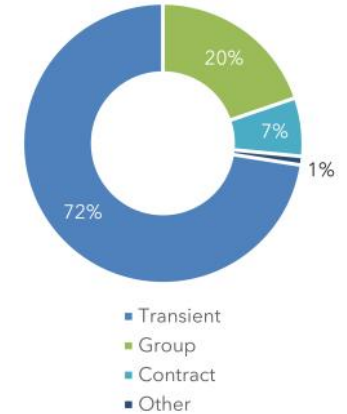
Chain Scale⁽²⁾



Location⁽²⁾



Customer Mix⁽³⁾

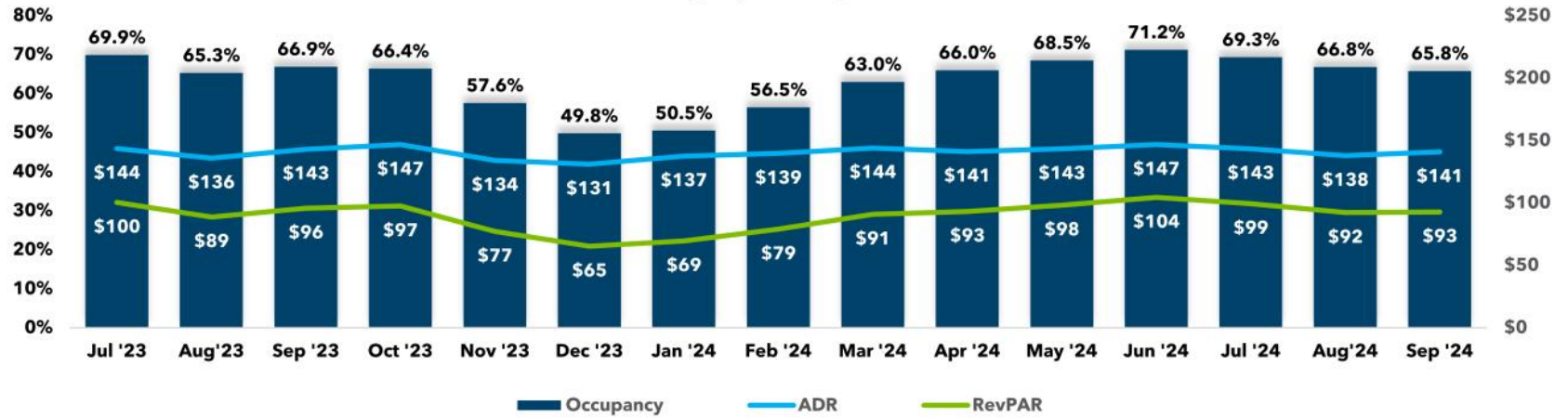


1. Based on hotel percentage of investments.
 2. Based on number of keys.
 3. Based on room revenue.

Hotel Portfolio: 213 Comparable Property Operating Trends

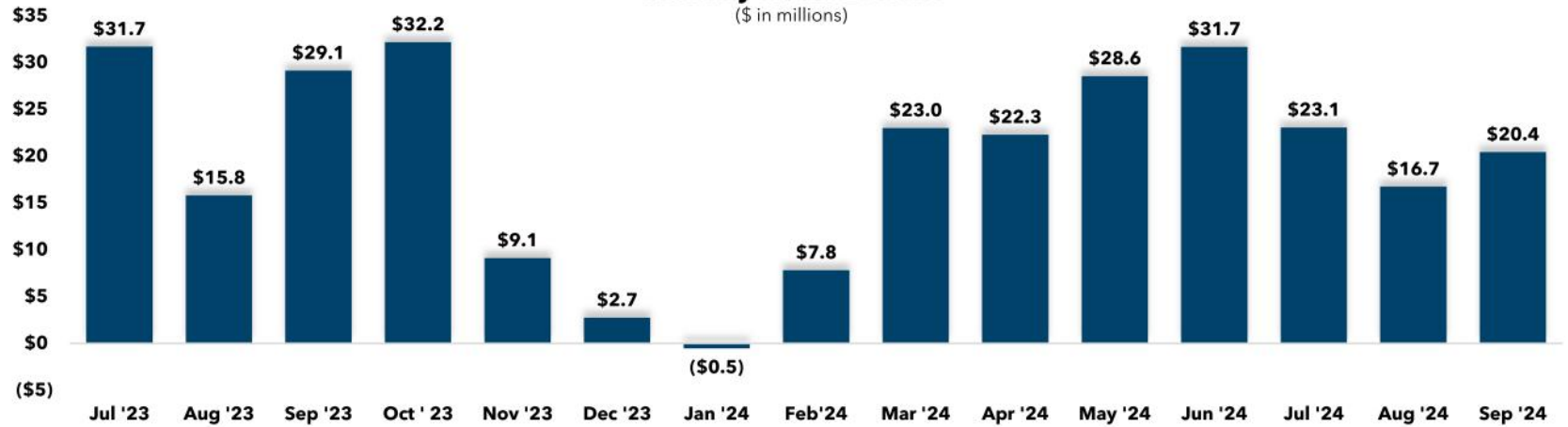


Monthly Operating Metrics



Monthly Hotel EBITDA

(\$ in millions)



See Financial Information for a reconciliation of non-GAAP financial metrics to the closest GAAP metrics.

Hotel Portfolio: Sonesta at a Glance



Sonesta Portfolio Highlights

- 8th largest hotel company according to Smith Travel Research.
- More than 1,100 hotels totaling more than 95,000 rooms across 15 brands.
- Franchises close to 1,000 hotels.
- SVC owns 34% of Sonesta.
- Equity investment has a carrying value of \$111 million.
- Unique owner / operator alignment.

Sonesta Brands



Hotel Portfolio: Announced Plan in October 2024 to Sell 114 Sonesta Hotels and Use Proceeds to Reduce Leverage



October 2024 Hotel Disposition Announcement

- Selling 114 focused service hotels managed by Sonesta in 2025, in addition to the ongoing sale of 22 hotels announced in February 2024.
- Targeting ~\$1 billion in gross proceeds to be used for debt repayment.
- Projecting capex savings of ~\$725 million over a six-year period.
- Repositioning Sonesta portfolio to concentrate on full service hotels and higher performing focused service hotels.

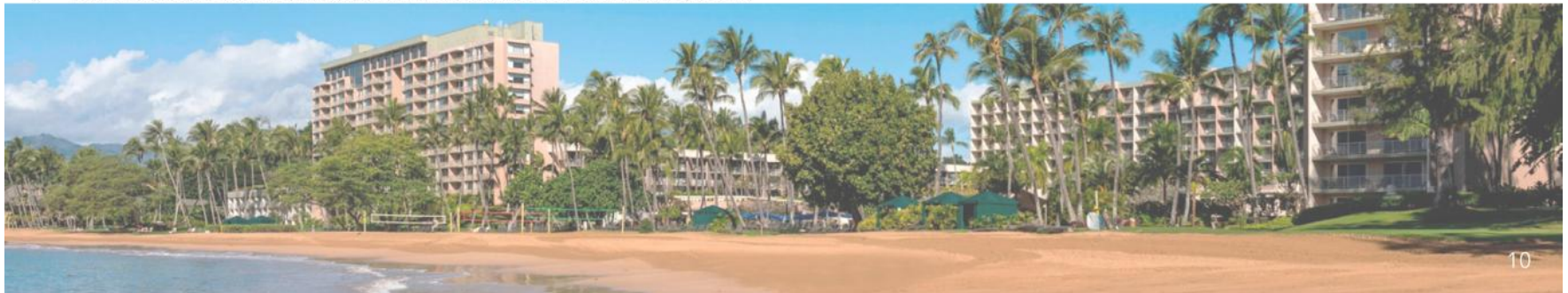
Sonesta Exit Hotels Announced in October 2024

Brand	Number of Hotels	Number of Keys	Number of States	Net Carrying Value (\$M)
Sonesta Select	31	4,564	14	\$239.8
Sonesta ES Suites	44	5,611	22	\$440.6
Sonesta Simply Suites	39	4,750	23	\$182.8
Total	114	14,925	28	\$863.2

Sonesta Retained Hotels

Service Level	Number of Hotels	Number of Keys	Number of States ¹	Net Carrying Value (\$M)
Full Service	39	12,868	21	\$2,270.9
Extended Stay	14	2,102	7	\$159.0
Select Service	6	873	3	\$46.6
Total	59	15,843	25	\$2,476.5

1. Includes two hotels in Toronto, Ontario, one hotel in Puerto Rico and one hotel in Washington, D.C.



Historical Quarterly Performance of Retained & Exit Hotels⁽¹⁾



	Three Months Ended				LTM as of
	December 31, 2023	March 30, 2024	June 30, 2024	September 30, 2024	September 30, 2024
Total Retained Hotels					
Occupancy	56.9%	55.3%	68.2%	66.4%	61.7%
ADR	\$165.57	\$171.59	\$175.21	\$170.80	\$170.98
RevPar	\$94.24	\$94.90	\$119.51	\$113.33	\$105.49
Hotel operating Revenues	\$239.0M	\$235.2M	\$291.0M	\$271.9M	\$1,037.1M
Hotel EBITDA	\$29.0M	\$23.6M	\$60.6M	\$43.1M	\$156.2M
<i>Hotel EBITDA Margin</i>	12.1%	10.0%	20.8%	15.8%	15.1%
Total Exit Hotels					
Occupancy	59.1%	58.3%	68.9%	68.5%	63.7%
ADR	\$106.50	\$105.80	\$106.85	\$106.11	\$106.33
RevPar	\$62.93	\$61.68	\$73.66	\$72.72	\$67.75
Hotel operating Revenues	\$100.6M	\$97.6M	\$116.8M	\$116.5M	\$431.5M
Hotel EBITDA	\$15.1M	\$6.7M	\$22.0M	\$17.2M	\$60.9M
<i>Hotel EBITDA Margin</i>	15.0%	6.8%	18.8%	14.7%	14.1%
Total SVC Hotels					
Occupancy	57.9%	56.7%	68.5%	67.3%	62.6%
ADR	\$137.97	\$140.60	\$143.73	\$140.66	\$140.86
RevPar	\$79.91	\$79.69	\$98.52	\$94.73	\$88.21
Hotel operating Revenues	\$339.6M	\$332.8M	\$407.8M	\$388.4M	\$1,468.5M
Hotel EBITDA	\$44.1M	\$30.3M	\$82.5M	\$60.3M	\$217.2M
<i>Hotel EBITDA Margin</i>	13.0%	9.1%	20.2%	15.5%	14.8%

1. For SVC's 213 comparable hotels.



Net Lease Portfolio

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



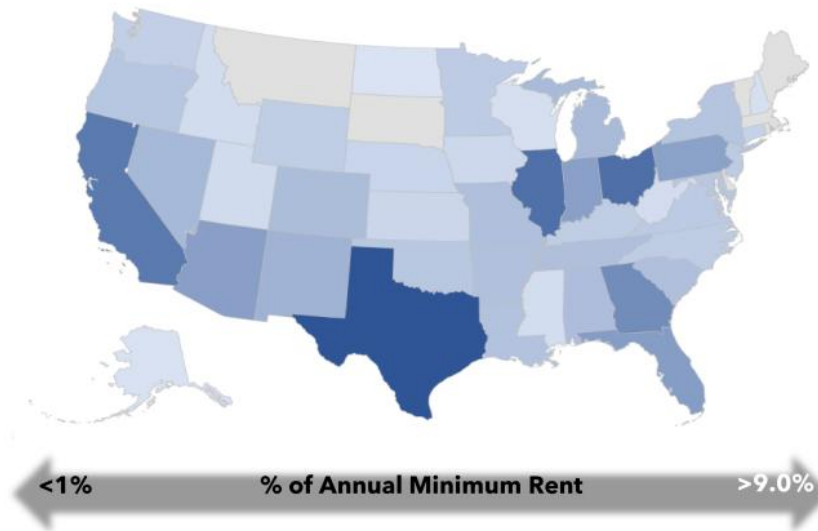
Net Lease Portfolio Statistics

745 Properties	\$380M Annualized Minimum Rent
13.3M Rentable Square Feet	8.3 years Weighted Average Lease Term
97.6% Occupancy	2.16x Rent Coverage

21 Industries | 137 Brands



Diverse Geographical Footprint⁽¹⁾



1. By annualized minimum rent.

Net Lease Portfolio



TravelCenters of America (TA)



- Represents 68.2% of SVC's net lease minimum rents.
- 175 travel centers operate under two brands.
- Difficult to replicate real estate located near exits along the U.S. Interstate Highway System.
- Five master leases that run through 2033 and include 50 years of extension options.
- Rents are guaranteed by BP Corporation North America Inc.
- Pure triple net leases; SVC has no capital expenditure requirements.

Retail Net Lease Portfolio

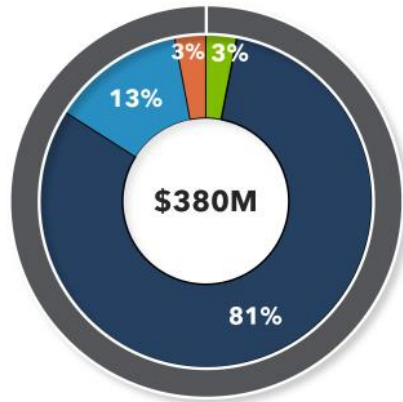
- Represents 31.8% of net lease minimum rents.
- Necessity based retail assets with strong rent coverage, low capex requirements.



Net Lease Portfolio: Reliable Income Stream and Low Capex Requirements



Lease Structures



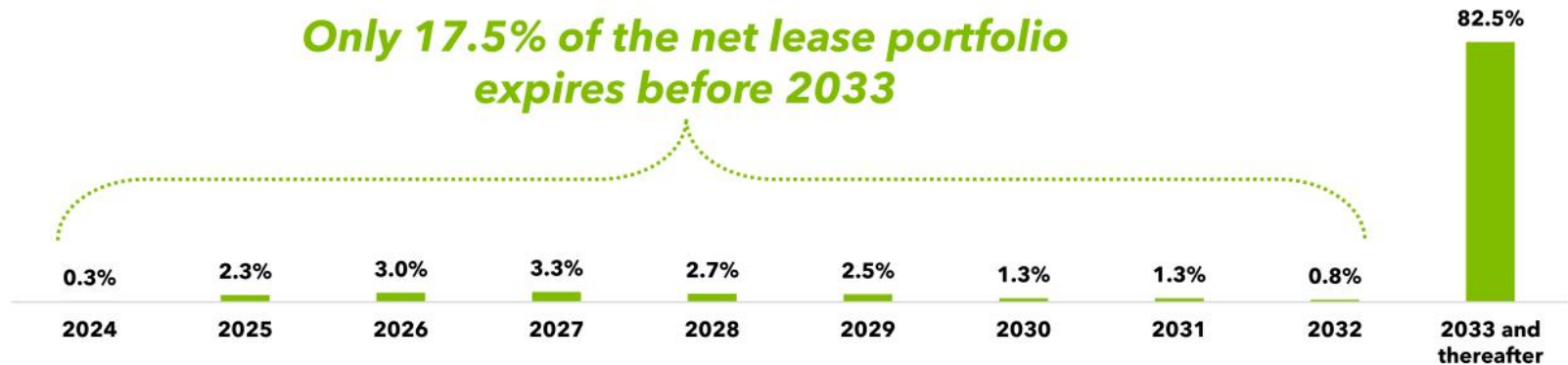
97%
of Leases Have
Contractual Increases
or Percentage Rent

- Percentage Rent
- Fixed/Scheduled
- CPI
- Flat



Well-Laddered Lease Expirations ⁽¹⁾

Only 17.5% of the net lease portfolio expires before 2033

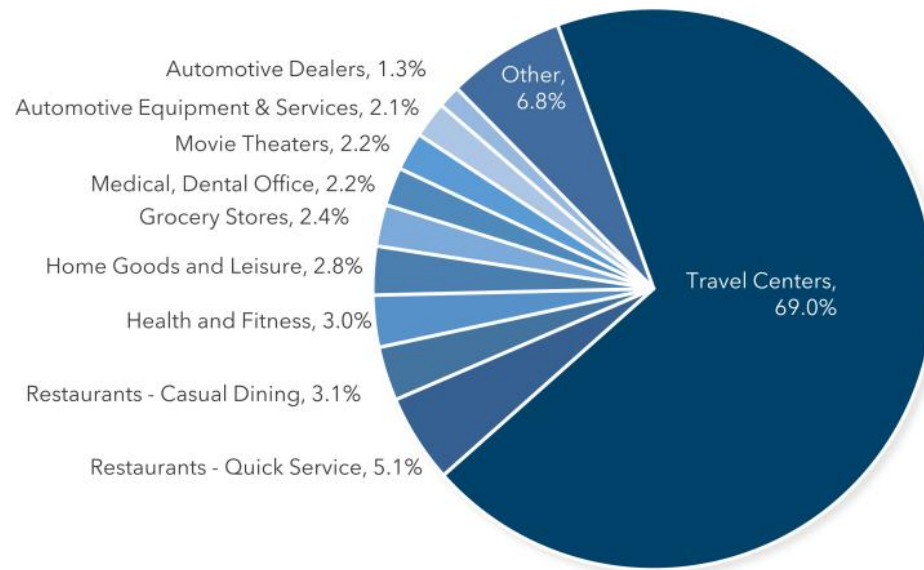


1. By annualized minimum rent.

Net Lease Portfolio: Diversified Tenants & Industries Mitigate Risk



Tenants by Industry ⁽¹⁾



Top Ten Tenants by Brand

Brand	% of Annualized Minimum Rent	Rent Coverage
TravelCenters of America / Petro Stopping Centers	68.2%	1.46x
The Great Escape	2.0%	4.75x
Life Time Fitness	1.5%	2.80x
Buehler's Fresh Foods	1.5%	3.15x
Heartland Dental	1.3%	4.56x
Norms	1.0%	3.68x
Express Oil Change	1.0%	5.87x
AMC Theatres	0.9%	1.94x
Pizza Hut	0.9%	2.42x
Flying J Travel Plaza	0.9%	4.22x
Various ⁽²⁾	20.8%	3.37X
	100%	2.16X

1. By annualized minimum rent.

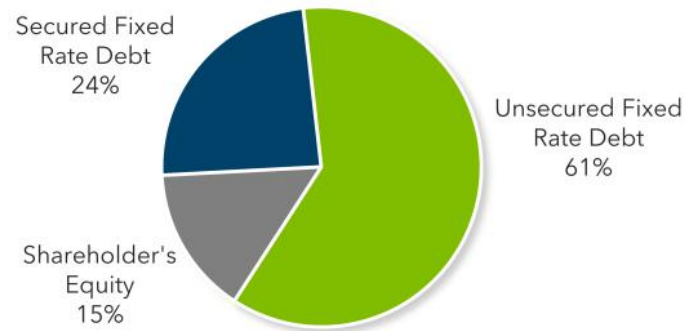


Financial Information

Balance Sheet Strategy



Book Capitalization



Balance Sheet Profile

- Over \$7.1 billion of unencumbered assets (gross book value).
- Unsecured fixed rate senior notes: \$4.1 billion with a weighted average interest rate of 5.93%.
- Secured fixed rate senior notes: \$1 billion at 8.625%.
- Secured fixed rate net lease mortgage notes: \$607 million with a weighted average interest rate of 5.60%.
- \$650 million revolving credit facility:
 - Currently no amounts outstanding.
 - Maturity date of June 2027.
- No derivatives, off-balance sheet liabilities, or material adverse change clauses or ratings triggers.

Debt Maturities



Leverage/Coverage Ratios

Net Debt / Total Gross Assets	54.8%
Net Debt / Gross Book Value of Real Estate Assets and Cash	58.5%
LTM Adjusted EBITDA _{re} / LTM Interest Expense	1.6x
Net Debt / LTM Adjusted EBITDA _{re}	9.7x

1. SVC's net lease mortgage notes are partially amortizing and require balloon payments at maturity in 2028. These notes are prepayable without penalty 24 months prior to the expected maturity date.
2. As of September 30, 2024, SVC had no amounts outstanding under its \$650 million revolving credit facility.



Appendix

Managed by The RMR Group (Nasdaq: RMR), an Alternative Asset Manager



RMR Platform






Nearly
\$41 Billion
in AUM

More than
2,000
Properties

Over
1,000
Real Estate Professionals

More than
35
Offices Nationwide

National Multi-Sector Investment Platform

-  **Industrial**
-  **Residential**
-  **Senior Living**
-  **Medical Office**
-  **Life Science**
-  **Hotels**
-  **Retail**
-  **Office**

Institutional Infrastructure & Vertically Integrated Platform

Accounting	Asset Management
Development	Finance
Human Resources	Information Technology
Investor Relations	Legal
Marketing	Portfolio Management
Project Management	Property Management
Tax	Transactions

A Winning Tradition



#5 in **Hotel** Real Estate Ownership

#6 in **Retail** Real Estate Ownership

#8 in **Industrial** Real Estate Ownership

#9 in **Senior Living** Real Estate Ownership

#15 in **Office** Real Estate Ownership

#6 **Senior Living** Operator

#8 **Hotel** Operator

RMR RECOGNITION

↓	↓	↓	↓	↓	↓
Fortune Magazine's Fastest Growing Companies ranked 75 th 2019	Women on Boards; Winning Organization 2020	Commercial Property Executive; Top Commercial Property Management Firms ranked 8 th 2023	Ranked Boston Globe's Top Places to Work 2020, 2021, 2022, 2023	2024 ENERGY STAR® Partner of the Year Award 2018, 2019, 2020, 2021, 2022, 2023, 2024	Boston Business Journal; Middle Market Companies 2020, 2021, 2023, 2024

RMR SUSTAINABILITY

EPA'S 2024 ENERGY STAR® **Partner of the Year.**
86 properties with EPA **ENERGY STAR** certifications

73 properties with **BOMA** designations

87 properties with **LEED** designations

Fees that SVC Pays to RMR are Primarily Performance Based which Aligns Interests with Shareholders



- ✓ **RMR base management fee tied to SVC's 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 for RMR to complete any transaction that could reduce share price.
- ✓ **RMR incentive fees contingent on total shareholder return outperformance.**
 - Incentive management fee: 12% of the outperformance of SVC's total return per share compared to the MSCI U.S. Office REIT Index over a three year period multiplied by equity market capitalization.
 - Outperformance must be positive to be earned.
 - Shareholders keep 100% of benchmark returns and at least 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.

Alignment of Interests

If SVC's share 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 SVC's historical cost of real estate.

If SVC's stock price goes down and its historical cost of real estate exceeds its total market cap, RMR gets less base management fees (50 bps on equity market cap plus debt).

Incentive fee structure keeps RMR focused on increasing total shareholder return.

Members of RMR senior management are holders of SVC common shares, some 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 a nearly \$41 billion platform.

Calculation of FFO, Normalized FFO and CAD



(amounts in thousands, except per share data)

	For the Three Months Ended				For the Nine Months Ended			
	9/30/2024	6/30/2024	3/31/2024	12/31/2023	9/30/2023	9/30/2024	9/30/2023	
Net (loss) income	\$ (46,901)	\$ (73,850)	\$ (78,383)	\$ (43,323)	\$ (4,128)	\$ (199,134)	\$ 10,544	
Add (Less):								
Depreciation and amortization	89,005	95,674	93,107	94,952	94,498	277,786	289,108	
Loss on asset impairment, net ⁽⁴⁾	13,692	34,887	2,451	27	512	51,030	9,517	
(Gain) loss on sale of real estate, net ⁽⁵⁾	(4,105)	32	2,963	(1,280)	(123)	(1,110)	(41,959)	
Gain on equity securities, net	–	–	–	–	–	–	(48,837)	
Adjustments to reflect SVC's share of FFO attributable to an investee	1,045	1,021	966	940	972	3,032	3,003	
FFO	52,736	57,764	21,104	51,316	91,731	131,604	221,376	
Add (Less):								
Loss on early extinguishment of debt, net ⁽⁶⁾	133	16,048	–	1,242	–	16,181	282	
Adjustments to reflect SVC's share of Normalized FFO attributable to an investee	–	(2)	2	1,034	263	–	791	
Transaction related costs ⁽³⁾	–	–	–	(3,556)	115	–	1,933	
Normalized FFO	52,869	73,810	21,106	50,036	92,109	147,785	224,382	
Add (Less):								
Non-cash revenues	(11,974)	(12,713)	(13,074)	(13,445)	(14,413)	(37,761)	(21,401)	
Non-cash interest expense	8,076	7,466	7,226	7,066	6,608	22,768	18,644	
Non-cash expenses	(298)	(120)	(1,086)	(1,030)	(573)	(1,504)	(1,621)	
SVC's share of Normalized FFO attributable to an investee	(4,008)	1,697	4,370	568	(3,099)	2,059	(1,954)	
Principal amortization	(489)	(490)	(489)	(489)	(489)	(1,468)	(1,142)	
Recurring capital expenditures	(30,434)	(22,000)	(10,521)	(28,792)	(28,666)	(62,955)	(51,157)	
CAD	\$ 13,742	\$ 47,650	\$ 7,532	\$ 13,914	\$ 51,477	\$ 68,924	\$ 165,751	
Weighted average common shares outstanding (basic and diluted)	165,398	165,198	165,158	165,154	165,027	165,252	164,933	
Basic and diluted per common share amounts:								
Net (loss) income	\$ (0.28)	\$ (0.45)	\$ (0.48)	\$ (0.26)	\$ (0.03)	\$ (1.21)	\$ 0.06	
FFO	\$ 0.32	\$ 0.35	\$ 0.13	\$ 0.31	\$ 0.56	\$ 0.80	\$ 1.34	
Normalized FFO	\$ 0.32	\$ 0.45	\$ 0.13	\$ 0.30	\$ 0.56	\$ 0.89	\$ 1.36	
CAD	\$ 0.08	\$ 0.29	\$ 0.05	\$ 0.08	\$ 0.31	\$ 0.42	\$ 1.00	

See accompanying notes on page 27.

Calculation of EBITDA, EBITDAre and Adjusted EBITDAre



(dollars in thousands)

	For the Three Months Ended				For the Nine Months Ended			
	9/30/2024	6/30/2024	3/31/2024	12/31/2023	9/30/2023	9/30/2024	9/30/2023	
Net (loss) income	\$ (46,901)	\$ (73,850)	\$ (78,383)	\$ (43,323)	\$ (4,128)	\$ (199,134)	\$ 10,544	
Add (Less):								
Interest expense	99,126	93,850	91,414	89,979	82,280	284,390	246,363	
Income tax (benefit) expense	(77)	524	1,007	(723)	(2,242)	1,454	(775)	
Depreciation and amortization	89,005	95,674	93,107	94,952	94,498	277,786	289,108	
EBITDA	141,153	116,198	107,145	140,885	170,408	364,496	545,240	
Add (Less):								
Loss on asset impairment, net ⁽⁴⁾	13,692	34,887	2,451	27	512	51,030	9,517	
(Gain) loss on sale of real estate, net ⁽⁵⁾	(4,105)	32	2,963	(1,280)	(123)	(1,110)	(41,959)	
Adjustments to reflect SVC's share of EBITDAre attributable to an investee	2,900	2,964	2,556	2,315	2,707	8,420	7,596	
EBITDAre	153,640	154,081	115,115	141,947	173,504	422,836	520,394	
Add (Less):								
Gain on equity securities, net	–	–	–	–	–	–	(48,837)	
Loss on early extinguishment of debt, net ⁽⁶⁾	133	16,048	–	1,242	–	16,181	282	
Adjustments to reflect SVC's share of Adjusted EBITDAre attributable to an investee	–	(2)	2	1,034	263	–	791	
Transaction related costs ⁽³⁾	–	–	–	(3,556)	115	–	1,933	
General and administrative expense paid in common shares	1,219	1,397	431	487	1,446	3,047	2,930	
Adjusted EBITDAre	\$ 154,992	\$ 171,524	\$ 115,548	\$ 141,154	\$ 175,328	\$ 442,064	\$ 477,493	

See accompanying notes on page 27.

Calculation and Reconciliation of Hotel EBITDA - Comparable Hotels



(dollars in thousands)

	For the Three Months Ended					For the Nine Months Ended	
	9/30/2024	6/30/2024	3/31/2024	12/31/2023	9/30/2023	9/30/2024	9/30/2023
Number of hotels	213	213	213	213	213	212	212
Room revenues	\$ 320,502	\$ 329,679	\$ 266,656	\$ 270,299	\$ 322,368	\$ 916,837	\$ 908,235
Food and beverage revenues	44,943	54,959	46,470	49,706	44,166	146,372	137,385
Other revenues	22,931	23,149	19,681	19,556	23,451	65,761	61,420
Hotel operating revenues - comparable hotels	<u>388,376</u>	<u>407,787</u>	<u>332,807</u>	<u>339,561</u>	<u>389,985</u>	<u>1,128,970</u>	<u>1,107,040</u>
Rooms expenses	105,878	100,540	89,316	90,877	102,636	295,734	287,292
Food and beverage expenses	39,079	41,743	38,403	38,927	36,810	119,225	108,793
Other direct and indirect expenses	139,530	134,480	127,480	121,736	132,406	401,490	377,241
Management fees	14,862	15,428	12,623	12,850	14,959	42,913	42,464
Real estate taxes, insurance and other	27,050	31,327	33,595	30,126	25,529	91,972	79,479
FF&E Reserves	1,713	1,724	1,082	981	1,689	4,519	4,938
Hotel operating expenses - comparable hotels	<u>328,112</u>	<u>325,242</u>	<u>302,499</u>	<u>295,497</u>	<u>314,029</u>	<u>955,853</u>	<u>900,207</u>
Hotel EBITDA	<u>\$ 60,264</u>	<u>\$ 82,545</u>	<u>\$ 30,308</u>	<u>\$ 44,064</u>	<u>\$ 75,956</u>	<u>\$ 173,117</u>	<u>\$ 206,833</u>
Hotel EBITDA Margin	15.5 %	20.2 %	9.1 %	13.0 %	19.5 %	15.3 %	18.7 %
Hotel operating revenues (GAAP) ⁽¹⁾	\$ 390,935	\$ 412,486	\$ 336,236	\$ 343,385	\$ 395,526	\$ 1,139,657	\$ 1,134,649
Add (Less):							
Hotel operating revenues from non-comparable hotels	(2,559)	(4,699)	(3,429)	(3,824)	(5,541)	(10,687)	(27,609)
Hotel operating revenues - comparable hotels	<u>\$ 388,376</u>	<u>\$ 407,787</u>	<u>\$ 332,807</u>	<u>\$ 339,561</u>	<u>\$ 389,985</u>	<u>\$ 1,128,970</u>	<u>\$ 1,107,040</u>
Hotel operating expenses (GAAP) ⁽¹⁾	\$ 328,535	\$ 328,247	\$ 305,086	\$ 297,488	\$ 317,752	\$ 961,868	\$ 926,418
Add (Less):							
Hotel operating expenses from non-comparable hotels	(2,757)	(4,828)	(4,812)	(4,243)	(5,973)	(12,397)	(33,012)
Reduction for guaranty fundings and replenishments, net ⁽²⁾	-	(522)	522	650	(140)	-	-
Management and incentive management fees paid from cash flows in excess of minimum returns and rents	-	-	-	-	80	-	-
FF&E Reserves from managed hotel operations	1,713	1,724	1,082	981	1,689	4,519	4,938
Other ⁽⁷⁾	621	621	621	621	621	1,863	1,863
Hotel operating expenses - comparable hotels	<u>\$ 328,112</u>	<u>\$ 325,242</u>	<u>\$ 302,499</u>	<u>\$ 295,497</u>	<u>\$ 314,029</u>	<u>\$ 955,853</u>	<u>\$ 900,207</u>

See accompanying notes on page 27.

Calculation and Reconciliation of Hotel EBITDA - All Hotels*



(dollars in thousands)

	For the Three Months Ended				For the Nine Months Ended		
	9/30/2024	6/30/2024	3/31/2024	12/31/2023	9/30/2023	9/30/2023	
Number of hotels	214	220	220	221	221	214	221
Room revenues	\$ 322,803	\$ 334,118	\$ 269,926	\$ 273,869	\$ 327,688	\$ 926,847	\$ 932,439
Food and beverage revenues	44,947	55,136	46,563	49,878	44,279	146,646	139,361
Other revenues	23,185	23,232	19,747	19,638	23,559	66,164	62,849
Hotel operating revenues	<u>390,935</u>	<u>412,486</u>	<u>336,236</u>	<u>343,385</u>	<u>395,526</u>	<u>1,139,657</u>	<u>1,134,649</u>
Rooms expenses	106,835	102,068	90,806	92,477	104,550	299,709	296,785
Food and beverage expenses	39,114	41,945	38,513	39,095	36,997	119,572	111,029
Other direct and indirect expenses	139,075	134,889	127,578	121,289	132,254	401,542	386,816
Management fees	14,392	15,060	12,294	12,583	14,611	41,746	41,609
Real estate taxes, insurance and other	29,740	34,384	37,038	33,315	29,900	101,162	92,042
FF&E Reserves	1,714	1,723	1,092	992	1,719	4,529	5,448
Hotel operating expenses	<u>330,870</u>	<u>330,069</u>	<u>307,321</u>	<u>299,751</u>	<u>320,031</u>	<u>968,260</u>	<u>933,729</u>
Hotel EBITDA	<u>\$ 60,065</u>	<u>\$ 82,417</u>	<u>\$ 28,915</u>	<u>\$ 43,634</u>	<u>\$ 75,495</u>	<u>\$ 171,397</u>	<u>\$ 200,920</u>
Hotel EBITDA Margin	15.4 %	20.0 %	8.6 %	12.7 %	19.1 %	15.0 %	17.7 %
Hotel operating expenses (GAAP) ⁽¹⁾	\$ 328,535	\$ 328,247	\$ 305,086	\$ 297,488	\$ 317,752	\$ 961,868	\$ 926,418
Add (Less):							
Reduction for guaranty fundings and replenishments, net ⁽²⁾	–	(522)	522	650	(140)	–	–
Management and incentive management fees paid from cash flows in excess of minimum returns and rents	–	–	–	–	80	–	–
FF&E Reserves from managed hotel operations	1,714	1,723	1,092	992	1,718	4,529	5,448
Other ⁽²⁾	621	621	621	621	621	1,863	1,863
Hotel operating expenses	<u>\$ 330,870</u>	<u>\$ 330,069</u>	<u>\$ 307,321</u>	<u>\$ 299,751</u>	<u>\$ 320,031</u>	<u>\$ 968,260</u>	<u>\$ 933,729</u>

See accompanying notes on page 27. *Results of all hotels owned during the periods presented, including the results of hotels sold by SVC for the periods owned by SVC.

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



1. As of September 30, 2024, SVC owned 214 hotels. SVC's condensed consolidated statements of income (loss) include hotel operating revenues and expenses of its managed hotels.
2. 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. There were no adjustments required for the three months ended September 30, 2024 and each of the nine months ended September 30, 2024 and 2023. The net increase to hotel operating expenses was \$140 for the three months ended September 30, 2023.
3. Transaction related costs for the three and nine months ended September 30, 2023 of \$115 and \$1,933, respectively, primarily consisted of costs related to hotel rebranding activity, the demolition of certain vacant properties, and potential acquisitions.
4. SVC recorded a net loss on asset impairment for the three and nine months ended September 30, 2024 of \$13,692 and \$51,030, respectively, to reduce the carrying value of four hotels and two net lease properties in the three month period, and ten hotels and eight net lease properties in the nine month period, to their estimated fair value or estimated fair value less costs to sell.

SVC recorded a net loss on asset impairment for the three and nine months ended September 30, 2023 of \$512 and \$9,517, respectively, to reduce the carrying value of three net lease properties in the three month period, and 16 net lease properties in the nine month period, to their estimated fair value less costs to sell.
5. SVC recorded a net gain on sale of real estate for the three and nine months ended September 30, 2024 of \$4,105 and \$1,110, respectively, in connection with the sales of six hotels and four net lease properties in the three month period, and seven hotels and seven net lease properties in the nine month period.

SVC recorded a net gain on sale of real estate for the three and nine months ended September 30, 2023 of \$123 and \$41,959, respectively, in connection with the sales of two net lease properties in the three month period, and 18 hotels and four net lease properties in the nine month period.
6. SVC recorded a net loss on early extinguishment of debt during the three and nine months ended September 30, 2024 of \$133 and \$16,181, respectively, 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 nine months ended September 30, 2023 of \$282 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.
7. 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 September 30, 2024 and 2023, related to this liability, and \$1,863 for each of the nine months ended September 30, 2024 and 2023, related to this liability.

Non-GAAP Financial Measures and Certain Definitions



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 23](#). 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 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 23](#). 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 23](#). 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 24](#). 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 24](#). 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.

Non-GAAP Financial Measures and Certain Definitions (Continued)



Other Definitions

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 September 30, 2024 and were open and operating for the entirety of the periods being compared. For each of the three months ended September 30, 2024 and 2023, SVC's comparable results exclude one hotel that was not owned for the entirety of the periods being compared. For each of the nine months ended September 30, 2024 and 2023, 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.

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.

Exit Hotels: Exit Hotels represent 130 hotels (114 focused service hotels announced to be sold in October 2024 and 16 hotels previously announced to be sold) with an aggregate of 16,935 keys managed by Sonesta that SVC plans to sell and include 93 extended stay hotels and 37 select service hotels.

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.

Gain on Equity Securities, Net: Gain 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.

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

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

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

Non-GAAP Financial Measures and Certain Definitions (Continued)



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.

Retained Hotels: Retained Hotels represent 59 hotels with an aggregate of 15,843 keys managed by Sonesta that SVC will continue to own after the Exit Hotels are sold and include 39 full service hotels, 14 extended stay hotels and six select service hotels.

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

SOFR: SOFR is the secured overnight financing rate.

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



**SERVICE
PROPERTIES TRUST**

Investor Presentation

November 2024 | Nasdaq: SVC

Two Newton Place
255 Washington Street,
Suite 300
Newton, MA 02458

SVCREIT.COM