

The Chase Park Plaza Royal Sonesta St. Louis
St. Louis, MO
Operator: Sonesta International Hotels Corp.
Guest Rooms: 389



Hospitality Properties Trust

Investor Presentation

November 2017

HPT
Nasdaq Listed

Disclaimer.

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. ALSO, 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 OUR HOTEL MANAGERS' OR TENANTS' ABILITIES TO PAY THE CONTRACTUAL AMOUNTS OF RETURNS OR RENTS DUE TO US, OUR ABILITY TO COMPETE FOR ACQUISITIONS EFFECTIVELY, OUR POLICIES AND PLANS REGARDING INVESTMENTS, FINANCINGS AND DISPOSITIONS, OUR ABILITY TO PAY DISTRIBUTIONS TO OUR SHAREHOLDERS AND THE AMOUNT OF SUCH DISTRIBUTIONS, OUR ABILITY TO RAISE DEBT OR EQUITY CAPITAL, OUR ABILITY TO APPROPRIATELY BALANCE OUR USE OF DEBT AND EQUITY CAPITAL, OUR INTENT TO MAKE IMPROVEMENTS TO CERTAIN OF OUR PROPERTIES AND THE SUCCESS OF OUR HOTEL RENOVATIONS TO IMPROVE OUR HOTELS' RATES AND OCCUPANCIES, OUR ABILITY TO ENGAGE AND RETAIN QUALIFIED MANAGERS AND TENANTS FOR OUR HOTELS AND TRAVEL CENTERS ON SATISFACTORY TERMS, THE FUTURE AVAILABILITY OF BORROWINGS UNDER OUR REVOLVING CREDIT FACILITY, OUR ABILITY TO PAY INTEREST ON AND PRINCIPAL OF OUR DEBT, OUR CREDIT RATINGS AND THE ABILITY OF TRAVELCENTERS OF AMERICA LLC (TA) TO PAY CURRENT AND DEFERRED RENT AMOUNTS AND OTHER OBLIGATIONS DUE TO US.

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 AND CHANGES IN THE ECONOMY AND THE CAPITAL MARKETS ON US AND OUR MANAGERS AND TENANTS, COMPETITION WITHIN THE REAL ESTATE, HOTEL, TRANSPORTATION AND TRAVEL CENTER INDUSTRIES, PARTICULARLY IN THOSE MARKETS WHERE OUR PROPERTIES ARE LOCATED, COMPLIANCE WITH, AND CHANGES TO APPLICABLE LAWS, REGULATIONS AND RULES, OUR ABILITY TO SATISFY COMPLEX RULES IN ORDER FOR US TO QUALIFY FOR TAXATION AS A REIT FOR U.S. FEDERAL INCOME TAX PURPOSES, ACTS OF TERRORISM, OUTBREAKS OF SO CALLED PANDEMICS OR OTHER MANMADE OR NATURAL DISASTERS BEYOND OUR CONTROL AND ACTUAL AND POTENTIAL CONFLICTS OF INTEREST WITH OUR RELATED PARTIES. FOR EXAMPLE: (A) WE MAY BE UNABLE TO PAY OUR DEBT OBLIGATIONS WHEN THEY BECOME DUE OR TO MAINTAIN OUR CURRENT RATE OF DISTRIBUTIONS ON OUR COMMON SHARES AND FUTURE DISTRIBUTIONS MAY BE REDUCED OR ELIMINATED; (B) THE FAILURE OF OUR MANAGERS OR TENANTS TO PAY MINIMUM RETURNS OR RENTS DUE TO US MAY REDUCE OUR CASH FLOWS AND OUR ABILITY TO PAY DISTRIBUTIONS TO SHAREHOLDERS; (C) CERTAIN GUARANTEES AND SECURITY DEPOSITS FROM OUR MANAGERS AND TENANTS ARE LIMITED IN AMOUNT AND DURATION AND ALL THE GUARANTEES ARE SUBJECT TO THE GUARANTORS' ABILITIES AND WILLINGNESS TO PAY. WE CANNOT BE SURE OF THE FUTURE FINANCIAL PERFORMANCE OF OUR PROPERTIES AND WHETHER SUCH PERFORMANCE WILL COVER OUR MINIMUM RETURNS AND RENTS, WHETHER THE GUARANTEES OR SECURITY DEPOSITS WILL BE ADEQUATE TO COVER FUTURE SHORTFALLS IN THE MINIMUM RETURNS OR RENTS DUE TO US WHICH THEY GUARANTY OR SECURE, OR REGARDING OUR MANAGERS', TENANTS' OR GUARANTORS' FUTURE ACTIONS IF AND WHEN THE GUARANTEES AND SECURITY DEPOSITS EXPIRE OR ARE DEPLETED OR THEIR ABILITIES OR WILLINGNESS TO PAY MINIMUM RETURNS AND RENTS OWED TO US; (D) THE COST OF CAPITAL PROJECTS ASSOCIATED WITH RENOVATIONS WE ARE MAKING OR MAY MAKE IN THE FUTURE AT CERTAIN OF OUR HOTELS MAY BE GREATER THAN WE NOW ANTICIPATE, AND OPERATING RESULTS AT OUR HOTELS MAY DECLINE AS A RESULT OF HAVING ROOMS OUT OF SERVICE OR OTHER DISRUPTIONS DURING RENOVATIONS. ALSO, WHILE OUR FUNDING OF THESE CAPITAL PROJECTS WILL CAUSE OUR CONTRACTUAL MINIMUM RETURNS TO INCREASE, THE HOTELS' OPERATING RESULTS MAY NOT INCREASE OR MAY NOT INCREASE TO THE EXTENT THAT THE MINIMUM RETURNS INCREASE. ACCORDINGLY, COVERAGE OF OUR MINIMUM RETURNS AT THESE HOTELS MAY REMAIN DEPRESSED FOR AN EXTENDED PERIOD; (E) WE EXPECT TO PURCHASE FROM TA DURING THE REMAINDER OF 2017 APPROXIMATELY \$16.1 MILLION OF CAPITAL IMPROVEMENTS TA EXPECTS TO MAKE TO THE TRAVEL CENTERS WE LEASE TO TA. PURSUANT TO THE TERMS OF THE APPLICABLE LEASES, THE ANNUAL RENT PAYABLE TO US BY TA WILL INCREASE AS A RESULT OF ANY SUCH PURCHASES. WE MAY ULTIMATELY PURCHASE MORE OR LESS THAN THIS BUDGETED AMOUNT. TA MAY NOT REALIZE RESULTS FROM ANY OF THESE CAPITAL IMPROVEMENTS WHICH EQUAL OR EXCEED THE INCREASED ANNUAL RENTS IT WILL BE OBLIGATED TO PAY TO US, WHICH COULD INCREASE THE RISK OF TA BEING UNABLE TO PAY AMOUNTS DUE TO US; (F) HOTEL ROOM DEMAND AND TRUCKING ACTIVITY ARE OFTEN REFLECTIONS OF THE GENERAL ECONOMIC ACTIVITY IN THE COUNTRY AND IN THE GEOGRAPHIC AREAS WHERE OUR PROPERTIES ARE LOCATED. IF ECONOMIC ACTIVITY IN THE COUNTRY DECLINES, HOTEL ROOM DEMAND AND TRUCKING ACTIVITY MAY DECLINE AND THE OPERATING RESULTS OF OUR HOTELS AND TRAVEL CENTERS MAY DECLINE, THE FINANCIAL RESULTS OF OUR HOTEL MANAGERS AND OUR TENANTS, INCLUDING TA, MAY SUFFER AND THESE MANAGERS AND TENANTS MAY BE UNABLE TO PAY OUR RETURNS OR RENTS; (G) HOTEL AND OTHER COMPETITIVE FORMS OF TRAVEL LODGING SUPPLY GROWTH HAS BEEN INCREASING AND MAY AFFECT OUR HOTEL OPERATORS' ABILITY TO GROW AVERAGE DAILY RATES (ADR) AND OCCUPANCY, AND ADR AND OCCUPANCY COULD DECLINE DUE TO INCREASED COMPETITION WHICH MAY CAUSE OUR HOTEL OPERATORS TO BECOME UNABLE TO PAY OUR RETURNS OR RENTS; (H) IF THE CURRENT LEVEL OF COMMERCIAL ACTIVITY IN THE COUNTRY DECLINES, IF THE PRICE OF DIESEL FUEL INCREASES SIGNIFICANTLY, IF FUEL CONSERVATION MEASURES ARE INCREASED, IF FREIGHT BUSINESS IS DIRECTED AWAY FROM TRUCKING, IF TA IS UNABLE TO EFFECTIVELY COMPETE OR OPERATE ITS BUSINESS, IF FUEL EFFICIENCIES, THE USE OF ALTERNATIVE FUELS OR TRANSPORTATION TECHNOLOGIES REDUCE THE DEMAND FOR PRODUCTS AND SERVICES TA SELLS OR FOR VARIOUS OTHER REASONS, TA MAY BECOME UNABLE TO PAY CURRENT AND DEFERRED RENTS DUE TO US; (I) WE MAY BE UNABLE TO IDENTIFY PROPERTIES THAT WE WANT TO ACQUIRE OR TO NEGOTIATE ACCEPTABLE PURCHASE PRICES, ACQUISITION FINANCING, MANAGEMENT CONTRACTS OR LEASE TERMS FOR NEW PROPERTIES; (J) CONTINGENCIES IN OUR ACQUISITION AND SALE AGREEMENTS MAY NOT BE SATISFIED AND OUR PENDING ACQUISITIONS AND SALES AND ANY RELATED MANAGEMENT ARRANGEMENTS WE EXPECT TO ENTER MAY NOT OCCUR, MAY BE DELAYED OR THE TERMS OF SUCH TRANSACTIONS OR ARRANGEMENTS MAY CHANGE; (K) OUR PROPERTIES REQUIRE, AND WE HAVE AGREED TO PROVIDE, SIGNIFICANT FUNDING FOR CAPITAL IMPROVEMENTS, RENOVATIONS AND OTHER MATTERS. ACCORDINGLY, WE MAY NOT HAVE SUFFICIENT WORKING CAPITAL OR LIQUIDITY; (L) CONTINUED AVAILABILITY OF BORROWINGS UNDER OUR REVOLVING CREDIT FACILITY IS SUBJECT TO OUR SATISFYING CERTAIN FINANCIAL COVENANTS AND OTHER CREDIT FACILITY CONDITIONS THAT WE MAY BE UNABLE TO SATISFY; (M) ACTUAL COSTS UNDER OUR REVOLVING CREDIT FACILITY OR OTHER FLOATING RATE DEBT WILL BE HIGHER THAN LIBOR PLUS A PREMIUM BECAUSE OF FEES AND EXPENSES ASSOCIATED WITH SUCH FACILITIES AND (N) OUR OPTION TO EXTEND THE MATURITY DATE OF OUR REVOLVING CREDIT FACILITY IS SUBJECT TO OUR PAYMENT OF A FEE AND MEETING OTHER CONDITIONS THAT MAY NOT BE MET.

OUR ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2016, OUR QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2017 AND OUR OTHER FILINGS WITH THE SECURITIES AND EXCHANGE COMMISSION (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 NORMALIZED FUNDS FROM OPERATIONS (FFO), ADJUSTED EBITDA, NET OPERATING INCOME (NOI) AND CASH BASIS NOI. RECONCILIATIONS FOR THESE METRICS TO THE CLOSEST U.S. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) METRICS ARE INCLUDED IN AN APPENDIX HERETO.

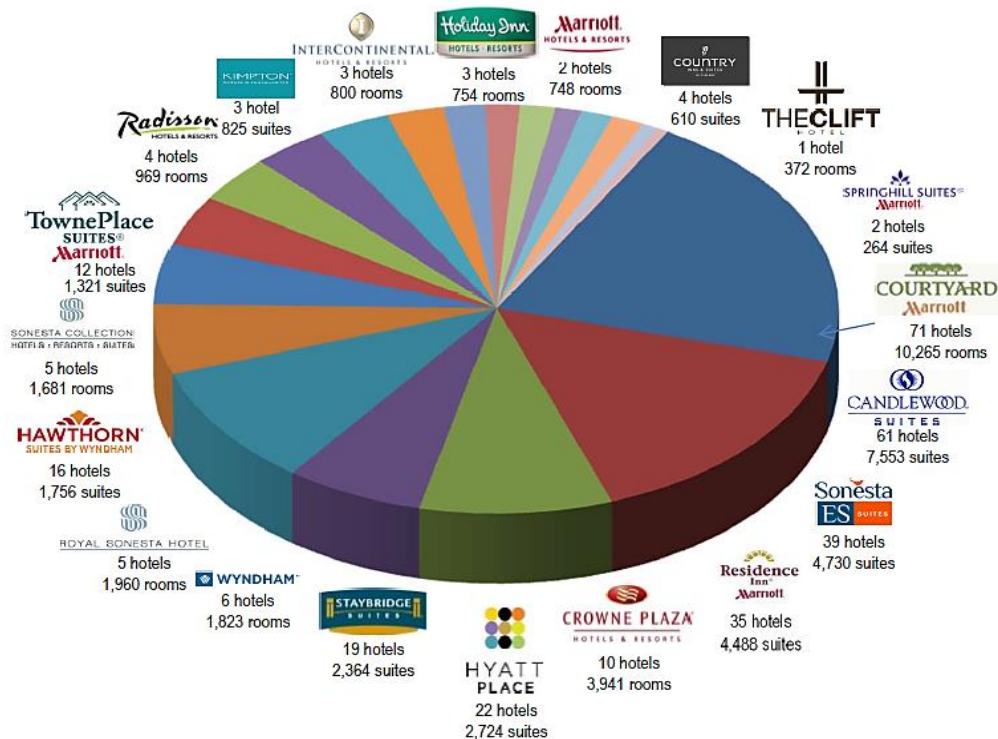
HPT's high quality properties, conservative profile and secure cash flows provide a growing and well covered dividend.

- **Diversified portfolio of well maintained, high quality properties.**
- **Long term portfolio agreements that can provide security of cash flow.**
- **Ramping portfolio and improvement opportunities.**
- **Conservative profile. Capacity to support continued disciplined growth.**
- **Dividend payout ratio only 48.6% in the third quarter 2017.**

HPT is one of the most geographically diverse lodging REITs and owns hotels and travel centers operated under 23 recognized brands.

- \$9.7 billion investment portfolio (historical investment basis⁽¹⁾).
- Total of 522 properties located in 45 states, Puerto Rico and Ontario.
 - 323 hotels with 49,948 rooms.
 - 199 travel centers located adjacent to the U.S. interstate highway system.

HPT Hotel Brands



HPT Travel Center Brands

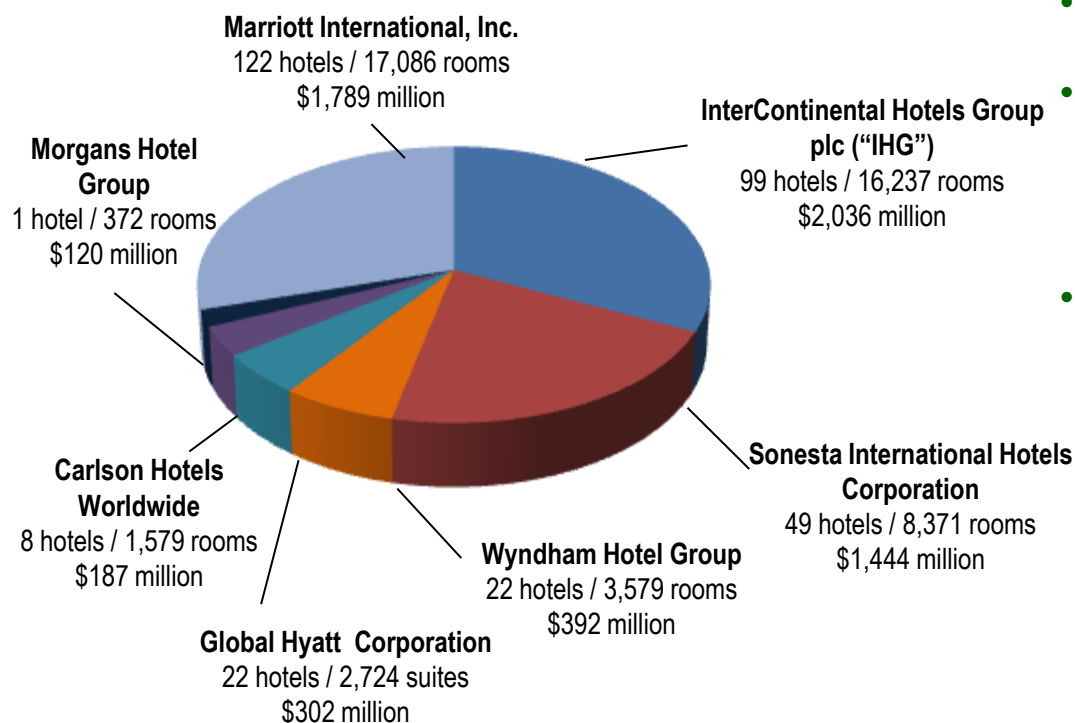


**TravelCenters
of America**



HPT has \$6.3 billion invested in 323 full service, select service and extended stay hotels.

HPT Hotel Managers (by \$ invested)



Unique Agreements

- 9 Hotel Management Agreements/Leases.
- HPT's operating agreement structure reduces cash flow volatility in a downturn and allows for upside participation in a recovery.
- The majority of HPT's 323 hotel properties are secured by deposits or guarantees and have potential additional returns based on performance.
 - Six agreements covering 220 hotels feature manager guarantees and/or security deposits that protect HPT's cash flow when hotel operations fail to cover minimum rents or returns.
 - Hotel management agreements provide for additional returns to HPT based on hotel net operating income above certain thresholds.

HPT hotels are operated by brand owners as opposed to third-party management groups.



HYATT
PLACE



SONESTA COLLECTION
HOTELS • RESORTS • SUITES



INTERCONTINENTAL
HOTELS & RESORTS



ROYAL SONESTA HOTEL



Staybridge Suites Alpharetta-North Point
Alpharetta, Georgia
Operator: InterContinental Hotels Group
Guest Rooms: 118



Sonesta ES Suites Colorado Springs
Colorado Springs, CO
Operator: Sonesta International Hotels Corp.
Guest Rooms: 152



HPT has \$3.5 billion invested in 199 travel centers located along the U.S. Interstate Highway System.

- TravelCenters of America operates two of the strongest travel center brands in the industry.

HPT owns or leases 149 “TA” travel centers located in 40 states.



Seville, OH

HPT owns 50 “Petro” travel centers located in 26 states.



Wilmington, IN

- 5 Triple Net Leases.
- HPT's travel centers are part of TA's network of 256 “TA” and “Petro” branded travel centers in 43 states and Ontario.
- Difficult to replicate real estate located near exits along the U.S. Interstate Highway System.
- Average site is over 25 acres with parking for 200 tractor trailers and 100 cars.
- Multiple diesel fuel and gasoline islands, plus a table service restaurant (approx. 135 seats) and one or more quick service restaurants (QSRs) at each site.⁽¹⁾
- Large travel and convenience stores averaging over 5,000 square feet of interior space.
- Truck repair facilities and parts stores; the only nationwide on the road truck repair service along the U.S. Interstate Highway System.

Economic growth continues. Increasing regulation may cater to full service travel center advantages.

Issue

"...Trucking is projected to grow 33.6% over the next ten years."

-2017 study by American Trucking Associations and IHS Global Insight.

This regulation is found in Section 395.3(a)(2).



11-Hour Driving Limit

During the 14-consecutive-hour period explained above, you are only allowed to drive your truck for up to 11 total hours. A driver may drive a total of 11 hours during the 14-hour period, however, after June 30, 2013, driving is not permitted if more than 8 hours have passed since the end of the driver's last off-duty or sleeper-berth period of at least 30 minutes. Once you have driven a total of 11 hours, you have reached the driving limit and must be off duty for another 10 consecutive hours (or equivalent) before driving your truck again.



Implication

Fuel and non-fuel demand is expected to see continued steady growth over the next decade.

Travel centers which provide services to professional truck drivers from restaurants to clean showers and bathrooms to truck repair facilities will be in demand.

Larger full service truck stops with ample parking, for over 200 tractor trailer trucks will have a competitive advantage – TA's reservation program proves value.

The defining business characteristic of HPT remains its strong operating agreement terms.

- Portfolio Agreements. 520 of HPT's 522 properties are part of pooled portfolio agreements. Each portfolio agreement includes between 8 and 99 geographically diverse properties.
- Minimum Returns and Rents. The majority of HPT's agreements require its managers or tenants to pay HPT fixed minimum returns or rents.
- Security Features. The majority of HPT's agreements include security features to protect HPT's cash flows, including some or all of: cash security deposits; subordination of management fees to HPT's minimum returns/rents; and full or limited guarantees from parent companies.
- Long Term Agreements. New agreements are generally entered for 15 to 25 years. The weighted average term remaining for our agreements (weighted by our investment) is approximately 16 years.
- High Likelihood of Contract/Lease Renewals. Renewals are permitted only for all properties in each portfolio. Because HPT's agreements generally represent significant percentages of its operators' brands, renewals are highly likely.
- FF&E Reserves. Hotel operators are generally required to escrow 5-6% of gross revenues for renovations.

78% of HPT's total minimum rents and returns are secured by deposits or guarantees.

Operating Agreement		No. of Properties	No. of Rooms	Annual Minimum Return/Rent ⁽¹⁾	% of Total	Coverage ⁽²⁾		Security Features
						Q3	LTM	
1	Marriott No. 1	53	7,610	\$ 69,100	8%	1.50x	1.26x	-
2	Marriott No. 234	68	9,120	106,538	13%	1.22x	1.12x	Limited guaranty + deposit.
3	Marriott No. 5	1	356	10,159	1%	1.05x	0.84x	Marriott guaranty.
4	InterContinental	99	16,237	188,920	22%	1.25x	1.14x	Security deposit.
5	Sonesta	49	8,371	108,973	13%	0.83x	0.75x	-
6	Wyndham	22	3,579	28,808	3%	1.15x	0.83x	Limited guaranty.
7	Hyatt	22	2,724	22,037	3%	1.17x	1.14x	Limited guaranty.
8	Carlson	8	1,579	12,920	2%	1.73x	1.35x	Limited guaranty.
9	Morgans	1	372	7,595	1%	0.97x	0.86x	-
Subtotal Hotels		323	49,948	555,050	66%	1.19x	1.05x	
10	TA No. 1	40	N/A	52,410	6%	1.80x	1.58x	TA guaranty.
11	TA No. 2	40	N/A	53,299	6%	1.69x	1.50x	TA guaranty.
12	TA No. 3	39	N/A	53,670	7%	1.76x	1.50x	TA guaranty.
13	TA No. 4	40	N/A	54,046	7%	1.60x	1.41x	TA guaranty.
14	TA No. 5	40	N/A	69,114	8%	1.74x	1.56x	TA guaranty.
Subtotal Travel Centers		199	N/A	282,539	34%	1.72x	1.51x	
Total/Average 14 agreements 8 brand owners		522	49,948	\$ 837,589	100%	1.37x	1.21x	

(1) Annualized minimum rent amounts represent cash rent amounts due to us and exclude adjustments, if any, necessary to recognize rental income on a straight line basis in accordance with GAAP.

(2) We define coverage as combined total property level revenues minus all property level expenses and FF&E reserve escrows which are not subordinated to minimum returns and minimum rent payments due to us (which data is provided to us by our managers or tenants), divided by the minimum return or minimum rent payments due to us. Coverage amounts for our InterContinental, and our Sonesta and TA No. 4 agreements include data for periods prior to our ownership of certain hotels and travel centers. Coverage amounts for our agreement with Carlson Hotels Worldwide, or Carlson, exclude data for periods prior to our sale of certain hotels.





*Nashville Airport Marriott
Nashville, TN
Operator: Marriott International, Inc.
Guest Rooms: 392*



*Courtyard Atlanta Norcross
Norcross, GA
Operator: Marriott International, Inc.
Guest Rooms: 122*

Financial highlights.

(In thousands except number of properties,
number of rooms and per share data.)

	As of and for the three months ended September 30,			
	2017	2016	Change	% Change
Property data:				
Number of properties	522	503	19	
Number of rooms	49,948	46,347	3,601	
Annual minimum returns and rents ⁽¹⁾	\$ 837,589	\$ 773,124	\$ 64,465	8.3%
Coverage of annual minimum returns and rents - hotels ⁽²⁾	1.19x	1.27x		
Coverage of annual minimum returns and rents - travel centers ⁽²⁾	1.72x	1.78x		
Key financial data:				
Total revenues	\$ 577,588	\$ 543,516	\$ 34,072	6.3%
Net Income	\$ 85,728	\$ 51,812	\$ 33,916	65.5%
Adjusted EBITDA ⁽³⁾	\$ 223,469	\$ 210,514	\$ 12,955	6.2%
Normalized funds from operations (FFO) ⁽³⁾	\$ 175,458	\$ 162,135	\$ 13,323	8.2%
Total Debt (book value) ⁽⁴⁾ /total gross assets ⁽⁵⁾	40.8 %	34.6 %	6.2 pts.	
Total Debt (book value) ⁽⁴⁾ /annualized Adjusted EBITDA ⁽³⁾	4.5x	3.7x		
Per share data:				
Annualized Common dividend	\$ 2.08	\$ 2.04	\$ 0.04	2.0%
Normalized FFO ⁽³⁾	\$ 1.07	\$ 1.03	\$ 0.04	3.9%
Normalized FFO payout ratio ⁽³⁾	48.6%	49.5%	-0.9 pts.	

(1) Annualized minimum rent amounts represent cash rent amounts due to us and exclude adjustments, if any, necessary to recognize rental income on a straight line basis in accordance with GAAP.

(2) We define coverage as combined total property level revenues minus all property level expenses and FF&E reserve escrows which are not subordinated to minimum returns and minimum rent payments to us (which data is provided to us by our managers or tenants), divided by the minimum return or minimum rent payments due to us. Coverage amounts for our agreement with InterContinental Hotels Group, plc, or InterContinental, and our Sonesta and TA No. 4 agreements include data for periods prior to our ownership of certain hotels and travel centers. Coverage amounts for our agreement with Carlson Hotels Worldwide, or Carlson, exclude data for periods prior to our sale of certain hotels.

(3) See exhibits on page 24 for the calculation of EBITDA and Adjusted EBITDA, and a reconciliation of net income determined in accordance with GAAP to these amounts. See exhibits on page 25 for a reconciliation of FFO to nearest GAAP measure.

(4) Debt amounts are net of unamortized discounts and certain issuance costs.

(5) Total Gross assets is total assets plus accumulated depreciation.

HPT believes it will continue benefitting from a well maintained portfolio.

- HPT funded \$34.0 million of hotel improvements during Q3. HPT expects to fund an additional \$32.5 million of hotel improvements in the fourth quarter.
- HPT expects to have 25 hotels under renovation for all or part of the fourth quarter.
- HPT funded \$12.5 million of travel center improvements in Q3. HPT expects to fund an additional \$16.1 million of travel center improvements in the fourth quarter.
- HPT expects to fund between \$180 and \$220 million dollars of hotel and travel center improvements for all or part of 2018 with the majority of hotel improvements related to properties acquired in 2017.
- HPT's managers expect that hotel occupancy and rate growth will increase for the remainder of 2017 as a result of improved demand and the ramp up of recently renovated portfolios.
- HPT's managers have expectations for hotel occupancy to remain relatively flat with modest increases to rate such that comparable RevPAR growth for 2017 may be 0.5% to 1.0%. GOP margins are forecasted to be flat to down 50 basis points for 2017.

HPT has continued its strategic growth.

- To date in 2017, HPT has acquired 20 hotels with 3,860 keys and one travel center for an aggregate purchase price of approximately \$592 million.
 - HPT has acquired 5 hotels with 1,818 keys for an aggregate purchase price of \$339.0 million and has added these hotels to its management agreement with InterContinental Hotels Group plc, or IHG. HPT's annual minimum returns under its IHG agreement increased by 8% of the purchase price.
 - In February, HPT acquired the 483 room Kimpton Hotel Allegro in Chicago, IL for \$85.5 million. HPT obtained a \$6.8 million increase to IHG's security deposit in connection with this transaction. The Allegro has 15,000 sq. ft. of function space, 4,500 sq. ft. of retail space and four food and beverage outlets.
 - In March, HPT acquired the 121 room Kimpton Hotel Alexis in Seattle, WA for \$71.6 million. HPT obtained a \$5.7 million increase to IHG's security deposit in connection with this transaction. The Alexis has 5,100 sq. ft. of function space, 18,225 sq. ft. of retail space and one food and beverage outlet.
 - In June, HPT acquired the 495 room Crowne Plaza Ravinia hotel in Atlanta, GA for \$88.6 million. HPT obtained a \$7.1 million increase to IHG's security deposit in connection with this transaction. This Crowne Plaza has 30,500 sq. ft. of function space, four food and beverage outlets and is located adjacent to IHG Americas' headquarters.
 - In August, HPT acquired the 419 room Crowne Plaza & Lofts hotel in Columbus, OH for \$49.0 million. This Crowne Plaza has 8,400 sq. ft. of function space, one food and beverage outlet and is attached to the Columbus Convention Center as well as the Nationwide Mutual Insurance Company's headquarters. The Lofts portion of the hotel will be converted to IHG's Indigo brand.

HPT has continued its strategic growth. (continued)

- In August, HPT acquired the 300 room Crowne Plaza Charlotte Executive Park Hotel in Charlotte, NC for \$44.0 million. This hotel has 15,500 sq. ft. of function space and two food and beverage outlets.
- As of September 30, the IHG security deposit had reached its cap of \$100 million and is available to cover minimum returns from each and all HPT owned hotels managed by IHG.
- HPT has acquired 15 hotels with 2,042 keys for an aggregate purchase price of \$226 million and added them to its management agreement with Sonesta International Hotels Corporation, or Sonesta. HPT's annual minimum returns under its Sonesta agreement increased by 8% of the purchase price.
 - In June, HPT acquired the 389 room Royal Sonesta Chase Park Plaza hotel in St. Louis, MO for \$87.6 million. The Chase Park Plaza hotel has 52,600 sq. ft. of function space, 21,500 sq. ft. of office space, 16,000 sq. ft. of retail space, four food and beverage outlets and a five screen movie theatre.
 - In July, HPT acquired 14 extended stay hotels with 1,653 suites located in 12 states, for \$138.0 million. These 14 hotels have been rebranded to Sonesta's, Sonesta ES Suites brand.
- In May, HPT acquired from and leased back to TravelCenters of America, or TA, a newly developed travel center in Columbia, SC for \$27.6 million. This property was added to HPT's TA No. 4 lease and the annual minimum rent under the lease increased by \$2.3 million. This Petro Stopping Center has 131 truck parking spaces, approximately 297 car parking spaces, six truck service bays, a 16 lane bowling alley, a fitness center, multiple diesel and gas fueling lanes, multiple quick service restaurants and a Quaker Steak & Lube restaurant.

HPT recently amended its agreement with Carlson Hotels Worldwide.

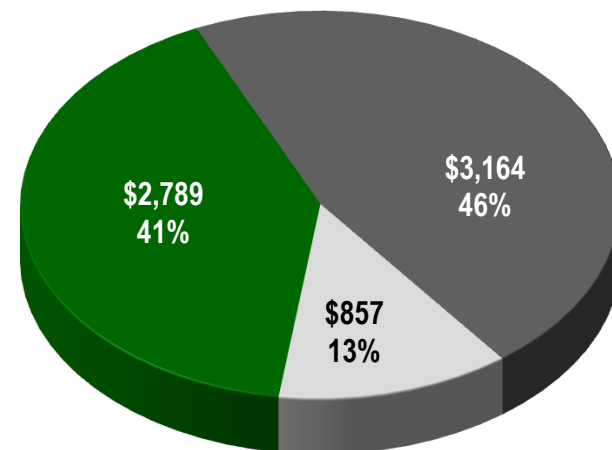
- In June, HPT amended its management agreement with Carlson Hotels Worldwide, or Carlson.
 - The terms of the management agreement and limited guaranty provided by Carlson were extended to December 31, 2035.
 - HPT has sold the three weakest performing hotels in the portfolio resulting in \$23.4 million in net proceeds.
 - In August, HPT sold the 159 room Radisson hotel in Chandler, AZ, for \$9.5 million, excluding closing costs.
 - In July, HPT sold the 143 room Country Inn & Suites hotel in Naperville, IL for \$6.6 million, excluding closing costs.
 - In September, HPT sold the 209 room Park Plaza hotel in Bloomington, MN for \$8.5 million, excluding closing costs.
 - The net proceeds of the sales will be used to partially fund renovations to the remaining eight hotels operated under the Carlson management agreement. HPT's annual minimum return under the agreement will not be reduced as a result of the sales.
 - HPT has agreed to fund up to \$35.0 million of renovation costs in excess of the net sale proceeds and available FF&E reserves. HPT's annual minimum returns and the limited guaranty cap under the Carlson agreement will both increase by 8% of amounts funded (above the proceeds from the hotel sales).

HPT has a conservative financial profile.

Book Capitalization as of September 30, 2017

(\$ in thousands)

Unsecured floating rate debt ⁽¹⁾	\$	856,920
Unsecured fixed rate debt ⁽¹⁾⁽²⁾		3,163,865
Total debt		<u>4,020,785</u>
Shareholders equity (book value)		2,789,455
Total Book Capitalization	\$	<u>6,810,240</u>



■ Shareholders equity ■ Unsecured fixed rate debt ■ Unsecured floating rate debt

Leverage/Coverage Ratios

As of and for the three months ended September 30, 2017

Total debt (book value) ⁽¹⁾ / total gross assets ⁽³⁾	40.8%
Total debt (book value) ⁽¹⁾ / gross book value of real estate asset ⁽⁴⁾	42.7%
Adjusted EBITDA ⁽⁵⁾ / interest expense	4.8x
Total debt (book value) ⁽¹⁾ / annualized adjusted EBITDA ⁽⁵⁾	4.5x

(1) Debt amounts are net of unamortized discounts and certain issuance costs.

(2) In October 2017, we redeemed at par plus accrued interest all \$350,000 of our 6.70% senior notes due 2018.

(3) Total gross assets is total assets plus accumulated depreciation.

(4) Gross book value of real estate assets is real estate properties at cost, before purchase price allocations, less impairment writedowns, if any.

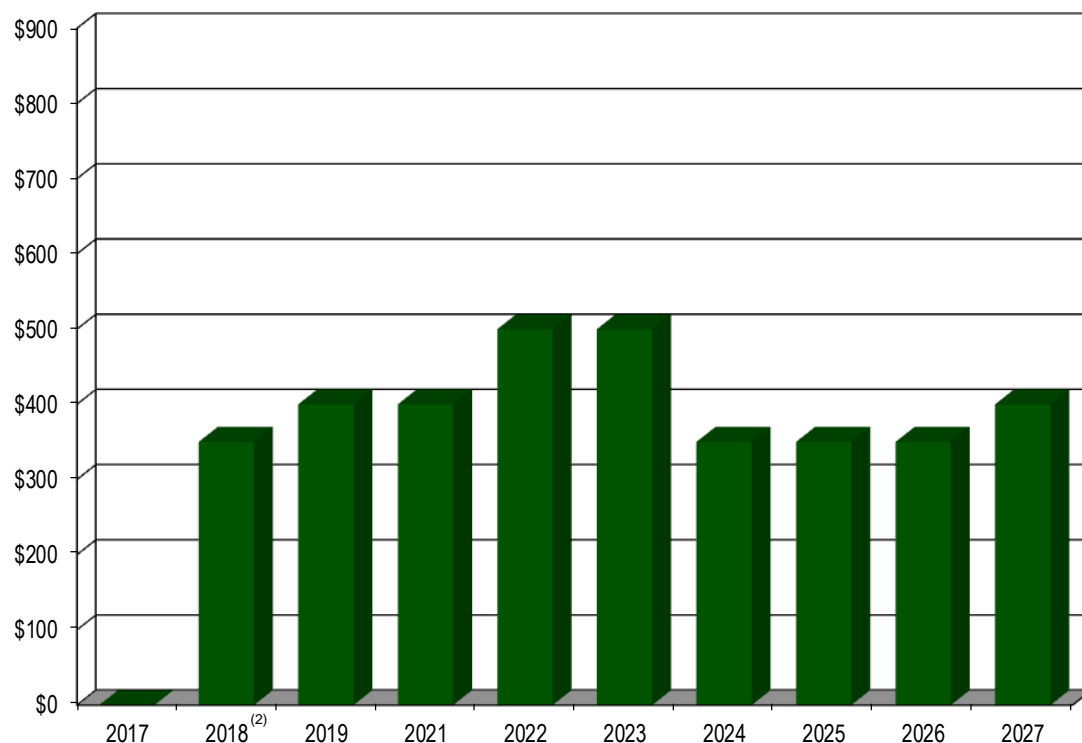
(5) See exhibits on page 24 for the calculation of EBITDA and Adjusted EBITDA, and a reconciliation of net income determined in accordance with GAAP to these amounts.

HPT has well laddered debt maturities and the capacity for disciplined growth.

- No secured debt.
- Unsecured senior notes⁽¹⁾:
 - \$3,200 million as of September 30, 2017 (\$3,164 million net of discounts).
 - All fixed rate.
- Unsecured term loan:
 - \$400 million.
 - April 2019 maturity.
- Revolving credit facility:
 - \$1 billion (\$458 million outstanding as of September 30, 2017).⁽¹⁾
 - July 2018 maturity plus one year extension option.
- No derivatives, no off balance sheet liabilities and no material adverse change clauses or ratings triggers.

HPT Term Debt Maturities as of September 30, 2017

(\$ in millions)



(1) As of November 7, 2017, we had \$330,000 outstanding under our revolving credit facility.

(2) In October 2017, we redeemed at par plus accrued interest all \$350,000 of our 6.70% senior notes due 2018.

HPT's high quality properties, conservative profile and secure cash flows provide a growing and well covered dividend.

- **Diversified portfolio of well maintained, high quality properties.**
- **Long term portfolio agreements that can provide security of cash flow.**
- **Ramping portfolio and improvement opportunities.**
- **Conservative profile. Capacity to support continued disciplined growth.**
- **Dividend payout ratio only 48.6% in the third quarter 2017.**

Calculation of EBITDA and Adjusted EBITDA.

CALCULATION OF EBITDA AND ADJUSTED EBITDA ⁽¹⁾

(in thousands)

	For the Three Months Ended					For the Nine Months Ended September 30,	
	9/30/2017	6/30/2017	3/31/2017	12/31/2016	9/30/2016	2017	2016
Net income	\$ 85,728	\$ 60,699	\$ 37,171	\$ 63,186	\$ 51,812	\$ 183,598	\$ 159,924
Add: Interest expense	46,574	45,189	43,566	37,349	41,280	135,329	124,564
Income tax expense	619	786	356	537	948	1,761	3,483
Depreciation and amortization	98,205	95,155	93,451	91,150	90,139	286,811	266,192
EBITDA	231,126	201,829	174,544	192,222	184,179	607,499	554,163
Add (Less): Acquisition related costs ⁽²⁾	—	—	—	482	156	—	885
General and administrative expense paid in common shares ⁽³⁾	818	718	412	557	985	1,948	2,277
Estimated business management incentive fee ⁽⁴⁾	873	17,750	19,620	(56,272)	25,036	38,243	56,272
Loss on early extinguishment of debt ⁽⁵⁾	—	—	—	—	158	—	228
Gain on sale of real estate ⁽⁶⁾	(9,348)	—	—	—	—	(9,348)	—
Adjusted EBITDA	\$ 223,469	\$ 220,297	\$ 194,576	\$ 136,989	\$ 210,514	\$ 638,342	\$ 613,825

(1) Please see page 26 for definitions of EBITDA and Adjusted EBITDA and a description of why we believe the presentation of these measures provide useful information to investors.

(2) Represents costs associated with our acquisition activities. Acquisition costs incurred during the 2017 periods have been capitalized in purchase accounting pursuant to a change in GAAP.

(3) Amounts represent the equity compensation awarded to our trustees, our officers and certain other employees of RMR LLC.

(4) Incentive fees under our business management agreement with RMR LLC are payable after the end of each calendar year, are calculated based on common share total return, as defined, and are included in general and administrative expense in our condensed consolidated statements of income. In calculating net income in accordance with GAAP, we recognize estimated business management incentive fee expense, if any, in the first, second and third quarters. Although we recognize this expense, if any, in the first, second and third quarters for purposes of calculating net income, we do not include these amounts in the calculation of Adjusted EBITDA until the fourth quarter, which is when the business management incentive fee expense amount for the year, if any, is determined. Adjusted EBITDA includes business management incentive fee expense of \$52,407 for the three months ended December 31, 2016. Business management incentive fees for 2016 were paid in cash in January 2017.

(5) We recorded losses of \$158 and \$228 on early extinguishment of debt during the three and nine months ended September 30, 2016, respectively, in connection with the redemptions of certain senior unsecured notes.

(6) We recorded a \$9,348 gain on sale of real estate during the three months ended September 30, 2017, in connection with the sale of three hotels.

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

CALCULATION OF FUNDS FROM OPERATIONS (FFO) AND NORMALIZED FFO AVAILABLE FOR COMMON SHAREHOLDERS ⁽¹⁾

(dollar amounts in thousands, except share data)

	For the Three Months Ended					For the Nine Months Ended September 30,	
	9/30/2017	6/30/2017	3/31/2017	12/31/2016	9/30/2016	2017	2016
Net income available for common shareholders	\$ 85,728	\$ 60,699	\$ 25,843	\$ 58,020	\$ 46,646	\$ 172,270	\$ 144,426
Add (less): Depreciation and amortization	98,205	95,155	93,451	91,150	90,139	286,811	266,192
Gain on sale of real estate ⁽²⁾	(9,348)	—	—	—	—	(9,348)	—
FFO available for common shareholders	174,585	155,854	119,294	149,170	136,785	449,733	410,618
Add (Less): Acquisition related costs ⁽³⁾	—	—	—	482	156	—	885
Estimated business management incentive fees ⁽⁴⁾	873	17,750	19,620	(56,272)	25,036	38,243	56,272
Loss on early extinguishment of debt ⁽⁵⁾	—	—	—	—	158	—	228
Excess of liquidation preference over carrying value of preferred shares redeemed ⁽⁶⁾	—	—	9,893	—	—	9,893	—
Normalized FFO available for common shareholders	\$ 175,458	\$ 173,604	\$ 148,807	\$ 93,380	\$ 162,135	\$ 497,869	\$ 468,003
Weighted average shares outstanding (basic)	164,149	164,123	164,120	164,120	157,217	164,131	153,357
Weighted average shares outstanding (diluted)	164,188	164,165	164,149	164,128	157,263	164,168	153,390

Basic and diluted per share common share amounts:

Net income available for common shareholders	\$ 0.52	\$ 0.37	\$ 0.16	\$ 0.35	\$ 0.30	\$ 1.05	\$ 0.94
FFO available for common shareholders	\$ 1.06	\$ 0.95	\$ 0.73	\$ 0.91	\$ 0.87	\$ 2.74	\$ 2.68
Normalized FFO available for common shareholders	\$ 1.07	\$ 1.06	\$ 0.91	\$ 0.57	\$ 1.03	\$ 3.03	\$ 3.05

(1) Please see page 26 for definitions of FFO and Normalized FFO available for common shareholders, a description of why we believe the presentation of these measures provides useful information to investors regarding our financial condition and results of operations and a description of how we use these measures.

(2) We recorded a \$9,348 gain on sale of real estate during the three months ended September 30, 2017 in connection with the sale of three hotels.

(3) We recorded a \$9,348 gain on sale of real estate during the three months ended September 30, 2017 in connection with the sale of three hotels.

(4) Incentive fees under our business management agreement with RMR LLC are payable after the end of each calendar year, are calculated based on common share total return, as defined, and are included in general and administrative expense in our condensed consolidated statements of income. In calculating net income in accordance with GAAP, we recognize estimated business management incentive fee expense, if any, in the first, second and third quarters. Although we recognize this expense, if any, in the first, second and third quarters for purposes of calculating net income, we do not include these amounts in the calculation of Normalized FFO available for common shareholders until the fourth quarter, which is when the business management incentive fee expense amount for the year, if any, is determined. Normalized FFO available for common shareholders includes business management incentive fee expense of \$52,407 for the three months ended December 31, 2016. Business management incentive fees for 2016 were paid in cash in January 2017.

(5) We recorded losses of \$158 and \$228 on early extinguishment of debt during the three and nine months ended September 30, 2016, respectively, in connection with the redemptions of certain senior unsecured notes.

(6) In February 2017, we redeemed all 11,600,000 of our outstanding 7.125% Series D cumulative redeemable preferred shares at the stated liquidation preference of \$25.00 per share plus accrued and unpaid distributions to the date of redemption (an aggregate of \$291,435). The liquidation preference of the redeemed shares exceeded the carrying amount for the redeemed shares as of the date of redemption by \$9,893, or \$0.06 per share, and we reduced net income available to common shareholders in the three months ended March 31, 2017 by that excess amount.

Non-GAAP financial measures definitions.

Definition of EBITDA and Adjusted EBITDA

We calculate EBITDA and Adjusted EBITDA as shown on page 24. We consider EBITDA and Adjusted EBITDA to be appropriate supplemental measures of our operating performance, along with net income, net income available for common shareholders and operating income. We believe that EBITDA and Adjusted EBITDA provide useful information to investors because by excluding the effects of certain historical amounts, such as interest, depreciation and amortization expense, EBITDA and Adjusted EBITDA may facilitate a comparison of current operating performance with our past operating performance. In calculating Adjusted EBITDA, we 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 our 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. EBITDA and Adjusted EBITDA do not represent cash generated by operating activities in accordance with GAAP and should not be considered alternatives to net income, net income available for common shareholders or operating income as indicators of operating performance or as measures of our liquidity. These measures should be considered in conjunction with net income, net income available for common shareholders and operating income as presented in our condensed consolidated statements of income. Other real estate companies and REITs may calculate EBITDA and Adjusted EBITDA differently than we do.

Definition of FFO and Normalized FFO

We calculate FFO available for common shareholders and Normalized FFO available for common shareholders as shown on page 25. FFO available for common shareholders is calculated on the basis defined by The National Association of Real Estate Investment Trusts, or NAREIT, which is net income available for common shareholders 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, as well as certain other adjustments currently not applicable to us. Our calculation of Normalized FFO available for common shareholders differs from NAREIT's definition of FFO available for common shareholders because we 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 our 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, and we exclude the excess of liquidation preference over carrying value of preferred shares redeemed, acquisition related costs expensed under GAAP and loss on early extinguishment of debt. We consider FFO available for common shareholders and Normalized FFO available for common shareholders to be appropriate supplemental measures of operating performance for a REIT, along with net income, net income available for common shareholders and operating income. We believe that FFO available for common shareholders and Normalized FFO available for common shareholders provide useful information to investors because by excluding the effects of certain historical amounts, such as depreciation expense, FFO available for common shareholders and Normalized FFO available for common shareholders may facilitate a comparison of our operating performance between periods and with other REITs. FFO available for common shareholders and Normalized FFO available for common shareholders are among the factors considered by our Board of Trustees when determining the amount of distributions to shareholders. Other factors include, but are not limited to, requirements to maintain our qualification for taxation as a REIT, limitations in our credit agreement and public debt covenants, the availability to us of debt and equity capital, our expectation of our future capital requirements and operating performance and our expected needs for and availability of cash to pay our obligations. FFO available for common shareholders and Normalized FFO available for common shareholders do not represent cash generated by operating activities in accordance with GAAP and should not be considered alternatives to net income, net income available for common shareholders or operating income as indicators of our operating performance or as measures of our liquidity. These measures should be considered in conjunction with net income, net income available for common shareholders and operating income as presented in our condensed consolidated statements of income. Other real estate companies and REITs may calculate FFO available for common shareholders and Normalized FFO available for common shareholders differently than we do.

The Chase Park Plaza Royal Sonesta St. Louis
St. Louis, MO
Operator: Sonesta International Hotels Corp.
Guest Rooms: 389



Hospitality Properties Trust

Investor Presentation

November 2017

HPT
Nasdaq Listed