

The Royal Sonesta Chicago Downtown  
Chicago, IL



**SERVICE  
PROPERTIES TRUST**

# Service Properties Trust Fourth Quarter 2023 Financial Results and Supplemental Information

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February 28, 2024



## QUARTERLY RESULTS

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# SVC

Nasdaq Listed

### Trading Symbols:

Common Shares: SVC

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*All amounts in this presentation are unaudited.*

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

# Quarterly Results



*"SVC's RevPAR performance this quarter met our expectations and was impacted by renovation activity at various hotels. We expect elevated renovation activity in the portfolio throughout 2024, which we believe will result in sustained operating improvements over time.*

*Our net lease portfolio continues to provide a dependable cash flow stream led by our TA leases, which are guaranteed by an investment grade rated company in BP.*

*After refinancing all our 2024 debt maturities during the quarter while maintaining a strong liquidity position, we are positioned to execute our plan of reinvesting in our hotels through strategic capital projects."*

**Todd Hargreaves, President and Chief Investment Officer**

**Newton, MA (February 28, 2024):** Service Properties Trust (Nasdaq: SVC) today announced its financial results for the quarter ended December 31, 2023.

**Dividend:**

SVC declared a quarterly distribution on its common shares of \$0.20 per share to shareholders of record as of the close of business on January 22, 2024. This distribution was paid on February 15, 2024.

**Conference Call:**

A conference call to discuss SVC's fourth quarter results will be held on Thursday, February 29, 2024 at 10:00 a.m. Eastern Time. The conference call may be accessed by dialing (877) 329-3720 or (412) 317-5434 (if calling from outside the United States and Canada); a pass code is not required. A replay will be available for one week by dialing (412) 317-0088; the replay pass code is 6475223. A live audio webcast of the conference call will also be available in a listen only mode on SVC's website, at [www.svcreit.com](http://www.svcreit.com). The archived webcast will be available for replay on SVC's website after the call. The transcription, recording and retransmission in any way of SVC's fourth quarter conference call are strictly prohibited without the prior written consent of SVC.

**About Service Properties Trust:**

Service Properties Trust (Nasdaq: SVC) is a real estate investment trust, or REIT, with over \$11 billion invested in two asset categories: hotels and service-focused retail net lease properties. As of December 31, 2023, SVC owned 221 hotels with over 37,000 guest rooms throughout the United States and in Puerto Rico and Canada, the majority of which are extended stay and select service. As of December 31, 2023, SVC also owned 752 service-focused retail net lease properties totaling approximately 13.3 million square feet throughout the United States. SVC is managed by The RMR Group (Nasdaq: RMR), an alternative asset management company with over \$41 billion in assets under management as of December 31, 2023 and more than 35 years of institutional experience in buying, selling, financing and operating commercial real estate. SVC is headquartered in Newton, MA. For more information, visit [www.svcreit.com](http://www.svcreit.com).

## Financial Results

- Net loss of \$43.3 million, or \$(0.26) per common share.
- Normalized FFO of \$50.0 million, or \$0.30 per common share.
- Adjusted EBITDAre of \$141.2 million.

## Portfolio Update

- Comparable Hotel RevPAR of \$78.30.
- Comparable Hotel EBITDA of \$42.3 million.
- Net Lease occupancy of 97.1% as of December 31, 2023.
- Net Lease rent coverage of 2.46x.

## Investment Activity

- Sold nine net lease properties with an aggregate 118,793 square feet for an aggregate sales price of \$8.8 million, excluding closing costs.
- Since January 1, 2024, SVC has sold one net lease property with 4,100 square feet for a sales price of \$257 thousand, excluding closing costs.
- As of February 22, 2024, SVC has entered into agreements to sell one hotel with 84 keys for a sales price of \$3.3 million, excluding closing costs and four net lease properties with an aggregate of 55,276 square feet for an aggregate sales price of \$3.1 million, excluding closing costs.

## Financing Activities

- In November 2023, SVC issued \$1.0 billion aggregate principal amount of 8.625% senior secured notes. The notes are secured by 70 travel centers. The net proceeds from this issuance were \$967.5 million after initial purchaser discounts and offering costs.
- In December 2023, SVC redeemed all \$1.2 billion of senior unsecured notes maturing in 2024 at par. SVC funded these redemptions with the proceeds from the issuance of senior secured notes described above and cash on hand.

# Financials



# Key Financial Data

(dollars in thousands, except per share data)

	As of and For the Three Months Ended				
	12/31/2023	9/30/2023	6/30/2023	3/31/2023	12/31/2022
<b>Selected Income Statement Data:</b>					
Total revenues	\$ 444,050	\$ 496,825	\$ 503,779	\$ 429,209	\$ 455,219
Net (loss) income	\$ (43,323)	\$ (4,128)	\$ (11,278)	\$ 25,950	\$ (31,409)
FFO	\$ 51,316	\$ 91,731	\$ 93,751	\$ 35,894	\$ 73,128
Normalized FFO	\$ 50,036	\$ 92,109	\$ 95,127	\$ 37,146	\$ 73,266
Adjusted EBITDAre	\$ 141,154	\$ 175,328	\$ 185,324	\$ 116,841	\$ 150,534

## Per Common Share Data (basic and diluted):

Net (loss) income	\$ (0.26)	\$ (0.03)	\$ (0.07)	\$ 0.16	\$ (0.19)
FFO	\$ 0.31	\$ 0.56	\$ 0.57	\$ 0.22	\$ 0.44
Normalized FFO	\$ 0.30	\$ 0.56	\$ 0.58	\$ 0.23	\$ 0.44

## Dividend Data:

Annualized dividends paid per share during the period	\$ 0.80	\$ 0.80	\$ 0.80	\$ 0.80	\$ 0.80
Annualized dividend yield (at end of period)	9.4 %	10.4 %	9.2 %	8.0 %	11.0 %
Annualized Normalized FFO payout ratio	66.7 %	35.7 %	34.5 %	87.0 %	45.5 %

## Selected Balance Sheet Data:

Total gross assets	\$ 10,537,913	\$ 10,733,398	\$ 10,715,669	\$ 10,505,429	\$ 10,458,324
Total assets	\$ 7,356,116	\$ 7,604,311	\$ 7,649,651	\$ 7,482,166	\$ 7,488,191
Total liabilities	\$ 6,129,983	\$ 6,302,361	\$ 6,310,576	\$ 6,100,261	\$ 6,099,399
Total shareholders' equity	\$ 1,226,133	\$ 1,301,950	\$ 1,339,075	\$ 1,381,905	\$ 1,388,792

	As of
	12/31/2023
<b>Capitalization:</b>	
Total common shares (at end of period)	165,769,595
Closing price (at end of period)	\$ 8.54
Equity market capitalization (at end of period)	\$ 1,415,672
Debt (principal balance)	5,633,569
Total market capitalization	\$ 7,049,241

## Liquidity:

Cash and cash equivalents	\$ 180,119
Available borrowings under secured revolving credit facility <sup>(1)</sup>	650,000
Total liquidity	\$ 830,119

(1) Availability under SVC's revolving credit facility is subject to meeting ongoing minimum performance and market values of the collateral properties, satisfying certain financial covenants and other credit facility conditions.

# Consolidated Statements of Income (Loss)

(amounts in thousands, except per share data)

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
<b>Revenues:</b>				
Hotel operating revenues <sup>(1)</sup>	\$ 343,385	\$ 350,501	\$ 1,478,034	\$ 1,467,344
Rental income <sup>(2)</sup>	100,665	104,718	395,829	395,667
<b>Total revenues</b>	<b>444,050</b>	<b>455,219</b>	<b>1,873,863</b>	<b>1,863,011</b>
<b>Expenses:</b>				
Hotel operating expenses <sup>(1)(3)</sup>	297,488	293,554	1,223,906	1,227,357
Net lease operating expenses	4,584	4,015	17,663	13,176
Depreciation and amortization	94,952	94,961	384,060	401,108
General and administrative	11,217	8,660	45,397	44,404
Transaction related costs <sup>(4)</sup>	(3,556)	–	(1,623)	1,920
Loss on asset impairment, net <sup>(5)</sup>	27	1,269	9,544	10,989
<b>Total expenses</b>	<b>404,712</b>	<b>402,459</b>	<b>1,678,947</b>	<b>1,698,954</b>
Gain on sale of real estate, net <sup>(6)</sup>	1,280	3,583	43,239	47,818
(Loss) gain on equity securities, net	–	(10,841)	48,837	(8,104)
Interest income	9,099	644	20,979	3,379
Interest expense (including amortization of debt issuance costs, discounts and premiums of \$7,066, \$3,846, \$25,710 and \$19,375, respectively)	(89,979)	(77,891)	(336,342)	(341,795)
Loss on early extinguishment of debt <sup>(7)</sup>	(1,242)	–	(1,524)	(791)
Loss before income tax benefit and equity in (losses) earnings of an investee	(41,504)	(31,745)	(29,895)	(135,436)
Income tax benefit	723	1,757	1,498	199
Equity in (losses) earnings of an investee	(2,542)	(1,421)	(4,382)	2,856
<b>Net loss</b>	<b>\$ (43,323)</b>	<b>\$ (31,409)</b>	<b>\$ (32,779)</b>	<b>\$ (132,381)</b>
Weighted average common shares outstanding (basic and diluted)	165,154	164,862	164,988	164,738
Net loss per common share (basic and diluted)	\$ (0.26)	\$ (0.19)	\$ (0.20)	\$ (0.80)

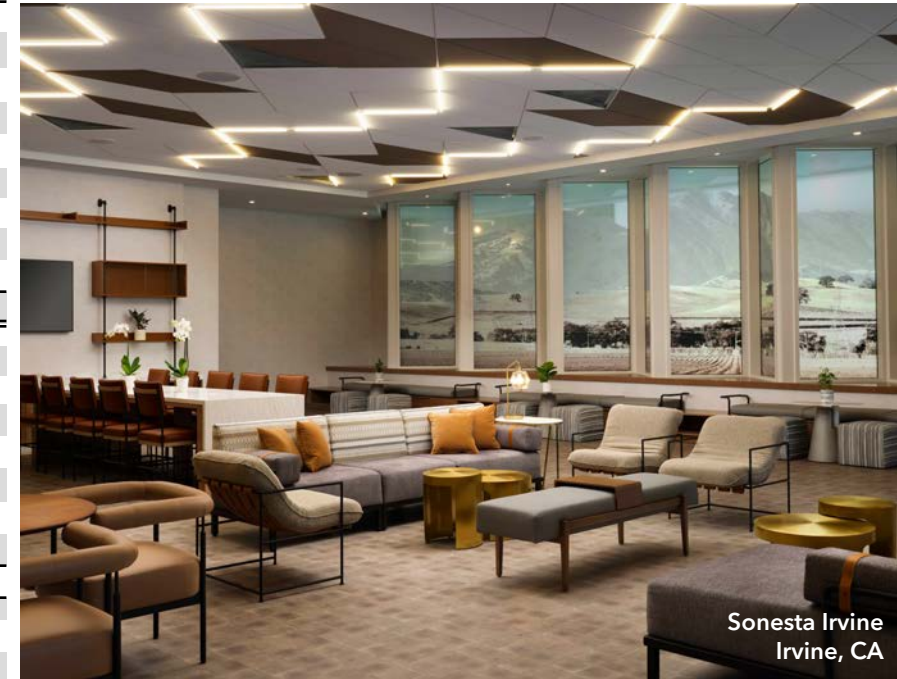
See accompanying notes on [page 36](#).



# Consolidated Balance Sheets

(dollars in thousands, except per share data)

	December 31,	
	2023	2022
<b>ASSETS</b>		
Real estate properties:		
Land	\$ 1,972,145	\$ 1,902,587
Buildings, improvements and equipment	7,814,192	7,658,282
Total real estate properties, gross	9,786,337	9,560,869
Accumulated depreciation	(3,181,797)	(2,970,133)
Total real estate properties, net	6,604,540	6,590,736
Acquired real estate leases and other intangibles, net	130,622	252,357
Assets held for sale	10,500	121,905
Cash and cash equivalents	180,119	38,369
Restricted cash	17,711	7,051
Equity method investment	113,304	112,617
Investment in equity securities	–	53,055
Due from related persons	6,376	35,033
Other assets, net	292,944	277,068
Total assets	<u>\$ 7,356,116</u>	<u>\$ 7,488,191</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Revolving credit facility	\$ –	\$ –
Senior secured notes, net	968,017	–
Senior unsecured notes, net	3,993,327	5,655,530
Mortgage notes payable, net	558,876	–
Accounts payable and other liabilities	587,005	425,960
Due to related persons	22,758	17,909
Total liabilities	<u>6,129,983</u>	<u>6,099,399</u>
Commitments and contingencies		
Shareholders' equity:		
Common shares of beneficial interest, \$.01 par value; 200,000,000 shares authorized; 165,769,595 and 165,452,566 shares issued and outstanding, respectively	1,658	1,655
Additional paid in capital	4,557,473	4,554,861
Cumulative other comprehensive income	2,318	2,383
Cumulative net income	2,470,500	2,503,279
Cumulative common distributions	(5,805,816)	(5,673,386)
Total shareholders' equity	<u>1,226,133</u>	<u>1,388,792</u>
Total liabilities and shareholders' equity	<u>\$ 7,356,116</u>	<u>\$ 7,488,191</u>



# Debt Summary

As of December 31, 2023

(dollars in thousands)

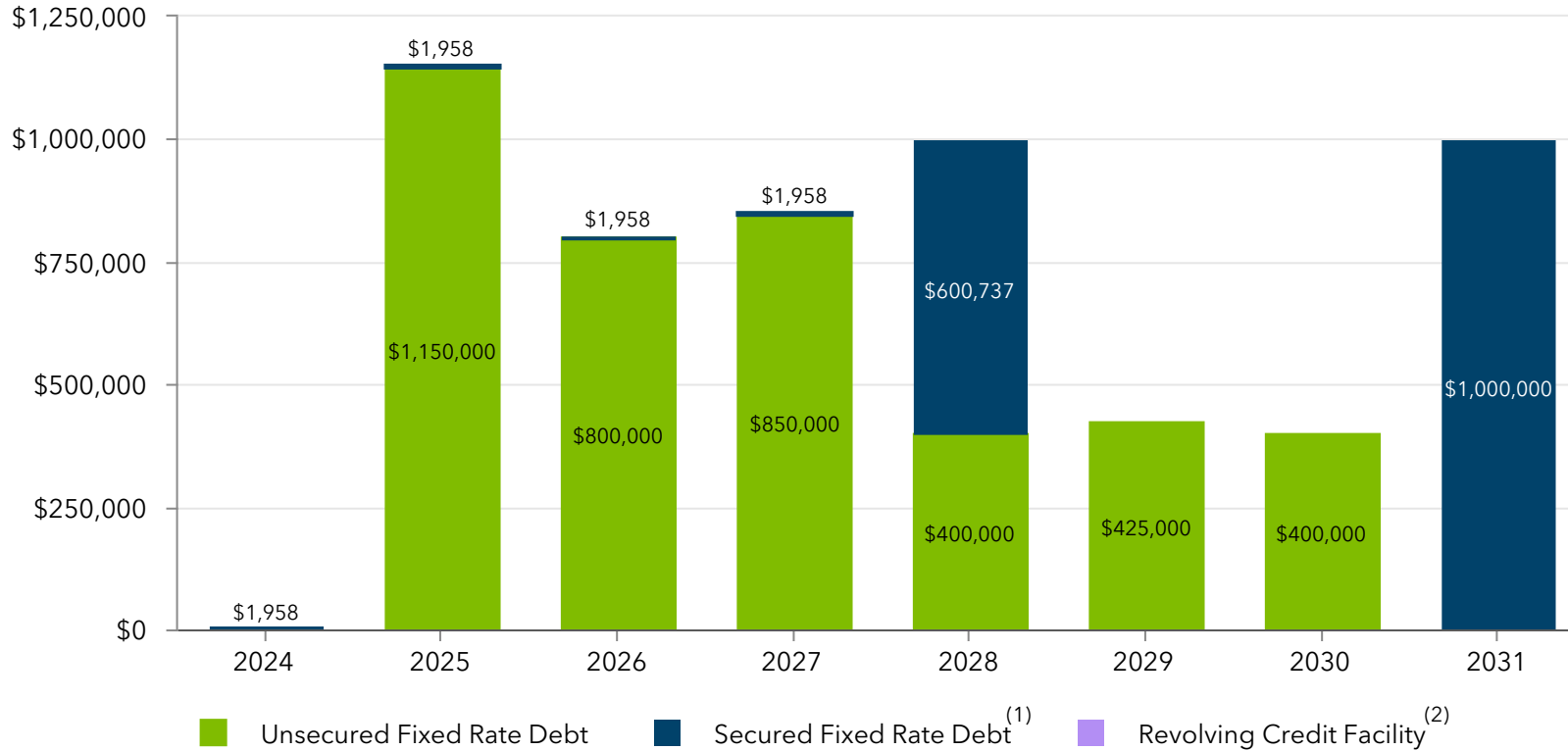
	Weighted Average Interest Rate	Principal Balance	Maturity Date	Due at Maturity	Years to Maturity
<b>Floating Rate Debt:</b>					
\$650,000 revolving credit facility <sup>(1)(2)</sup>	7.880 %	\$ —	6/29/27	\$ —	3.5
<b>Secured Fixed Rate Debt:</b>					
Net lease mortgage notes <sup>(3)</sup>	5.600 %	608,569	2/10/28	600,576	4.1
Senior secured notes due 2031 <sup>(4)(5)</sup>	8.625 %	1,000,000	11/15/31	1,000,000	7.9
Subtotal / weighted average	7.481 %	1,608,569		1,600,576	6.5
<b>Unsecured Fixed Rate Debt:</b>					
Senior unsecured notes due 2025	4.500 %	350,000	3/15/25	350,000	1.2
Senior unsecured notes due 2025 <sup>(5)</sup>	7.500 %	800,000	9/15/25	800,000	1.7
Senior unsecured notes due 2026	5.250 %	350,000	2/15/26	350,000	2.1
Senior unsecured notes due 2026	4.750 %	450,000	10/1/26	450,000	2.8
Senior unsecured notes due 2027	4.950 %	400,000	2/15/27	400,000	3.1
Senior unsecured notes due 2027 <sup>(5)</sup>	5.500 %	450,000	12/15/27	450,000	4.0
Senior unsecured notes due 2028	3.950 %	400,000	1/15/28	400,000	4.0
Senior unsecured notes due 2029	4.950 %	425,000	10/1/29	425,000	5.8
Senior unsecured notes due 2030	4.375 %	400,000	2/15/30	400,000	6.1
Subtotal / weighted average	5.326 %	4,025,000		4,025,000	3.3
Total / weighted average <sup>(6)</sup>	5.941 %	\$ 5,633,569		\$ 5,625,576	4.2

- (1) SVC is required to pay interest at a rate of SOFR plus a premium, which was 250 basis points per annum as of December 31, 2023. SVC also pays an unused commitment fee of 20 to 30 basis points per annum based on amounts outstanding under its revolving credit facility. Subject to the payment of an extension fee and meeting certain other conditions, SVC may extend the maturity date of its credit facility by two additional six month periods.
- (2) SVC has provided equity pledges on certain of its property owning subsidiaries and provided first mortgage liens on 69 properties owned by the pledged subsidiaries to secure its obligations under the credit agreement governing its credit facility.
- (3) These notes are secured by 308 net lease properties and are prepayable without penalty 24 months prior to the expected maturity date.
- (4) These notes are secured by 70 travel centers leased to TravelCenters of America Inc., or TA, pursuant to two master leases.
- (5) These notes are guaranteed by certain of SVC's subsidiaries.
- (6) The carrying value of SVC's total debt of \$5,520,220 as of December 31, 2023 is net of unamortized discounts and premiums and certain issuance costs totaling \$113,349.

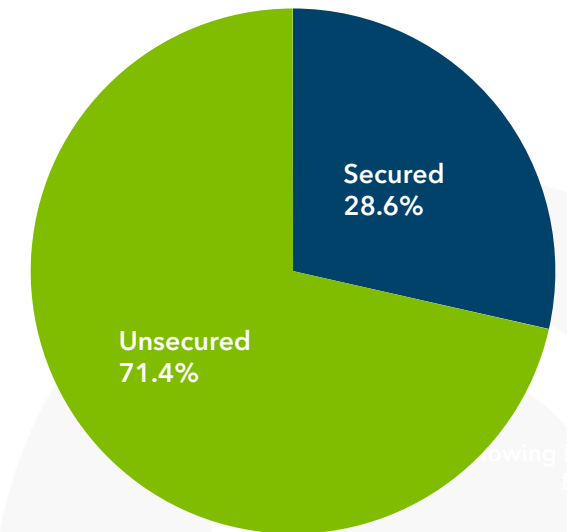
# Debt Maturity Schedule

As of December 31, 2023

(dollars in thousands)



## Secured vs. Unsecured Debt



- (1) SVC's net lease mortgage notes are partially amortizing and require balloon payments at maturity. These notes are prepayable without penalty 24 months prior to the expected maturity date.
- (2) As of December 31, 2023, SVC had no amounts outstanding under its \$650,000 revolving credit facility.

# Leverage Ratios, Coverage Ratios and Debt Covenants

	As of and For the Trailing Twelve Months Ended				
	12/31/2023	9/30/2023	6/30/2023	3/31/2023	12/31/2022
<b>Leverage Ratios:</b>					
Net debt / total gross assets	51.8 %	50.2 %	50.2 %	53.6 %	54.1 %
Net debt / gross book value of real estate assets and cash and cash equivalents	54.7 %	53.1 %	53.1 %	57.9 %	56.4 %
Secured debt / total assets	21.7 %	7.9 %	8.1 %	8.2 %	– %
Variable rate debt / net debt	– %	– %	– %	– %	– %
<b>Coverage Ratios:</b>					
Rolling four-quarter Adjusted EBITDAre / rolling four-quarter interest expense	1.8x	1.9x	1.9x	1.9x	1.7x
Net debt / rolling four-quarter Adjusted EBITDAre	8.8x	8.6x	8.6x	9.0x	9.5x

	As of and For the Trailing Twelve Months Ended				
	12/31/2023	9/30/2023	6/30/2023	3/31/2023	12/31/2022
<b>Senior Note Debt Covenants:</b>					
<u>Maintenance Covenant:</u>					
Total unencumbered assets / unsecured debt - required minimum 150%	183.2 %	163.2 %	163.9 %	157.1 %	159.1 %
<u>Incurrence Covenants:</u>					
Total debt / adjusted total assets - allowable maximum 60.0%	52.4 %	53.2 %	53.1 %	54.8 %	53.6 %
Secured debt / adjusted total assets - allowable maximum 40.0%	15.0 %	5.6 %	5.6 %	5.8 %	– %
Consolidated income available for debt service / debt service - required minimum 1.50x	1.79x	2.02x	1.97x	1.90x	1.85x



# Capital Expenditures and Restricted Cash Activity

(dollars in thousands)

	For the Three Months Ended				
	12/31/2023	9/30/2023	6/30/2023	3/31/2023	12/31/2022
<b>Capital Expenditures:</b>					
Hotel capital improvements & FF&E Reserve fundings <sup>(1)</sup>	\$ 105,289	\$ 63,948	\$ 41,043	\$ 21,773	\$ 36,629
Net lease capital improvements	499	769	1,704	505	170
Lease related costs	238	267	11	67	102
Total capital improvements & FF&E Reserve fundings	<u>\$ 106,026</u>	<u>\$ 64,984</u>	<u>\$ 42,758</u>	<u>\$ 22,345</u>	<u>\$ 36,901</u>

	As of and For the Three Months Ended				
	12/31/2023	9/30/2023	6/30/2023	3/31/2023	12/31/2022
<b>Restricted Cash:</b>					
Total restricted cash (beginning of period)	\$ 17,366	\$ 15,758	\$ 15,220	\$ 7,051	\$ 10,891
Manager deposits into FF&E Reserve	1,368	1,825	1,739	1,923	2,598
Hotel improvements funded from FF&E Reserve	(1,465)	(902)	(1,481)	(1,558)	(1,024)
Net lease mortgage note rent collection account activity, net	442	688	268	5,867	–
Net lease mortgage note liquidity reserve activity, net	–	(3)	12	2,000	–
Proceeds from asset sales withdrawn from revolving credit facility collateral account, net	–	–	–	(63)	(5,414)
Total restricted cash (end of period)	<u>\$ 17,711</u>	<u>\$ 17,366</u>	<u>\$ 15,758</u>	<u>\$ 15,220</u>	<u>\$ 7,051</u>



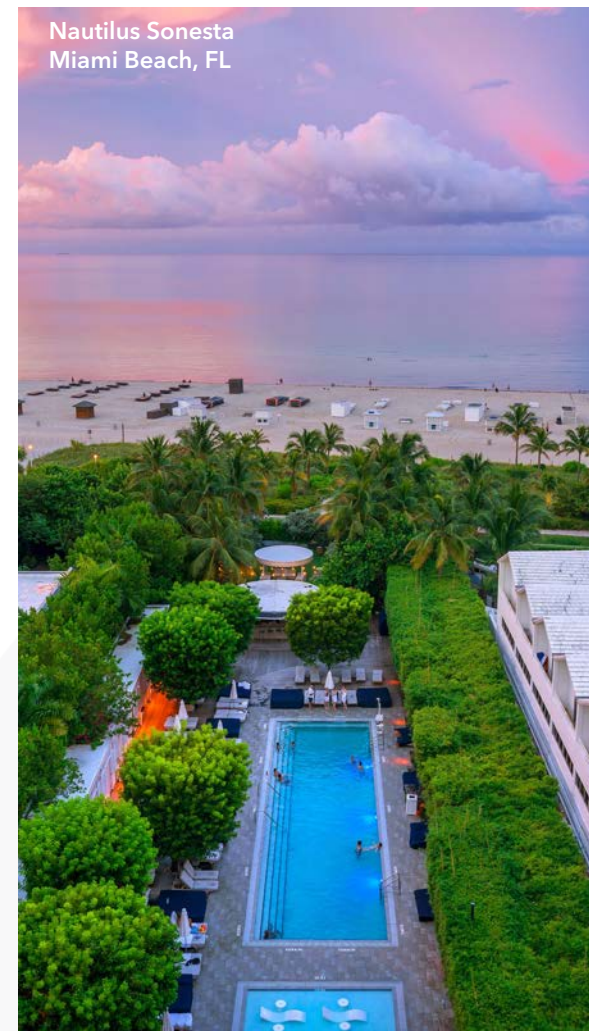
(1) Includes amounts SVC funded into its FF&E Reserves and amounts directly reimbursed to its hotel managers for capital expenditures.

# Property Acquisitions and Dispositions

Since January 1, 2023  
(dollars in thousands)

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

DISPOSITIONS:							
Quarter Disposed	Properties	Property Type	Brand	Location	Rooms or Suites / Square Footage	Sales Price <sup>(1)</sup>	Average Sales Price per Room or Suite / Square Foot
Q1 2023	1	Hotel	Sonesta Select	MD	152	\$ 5,350	\$ 35
	1	Hotel	Sonesta	NJ	219	14,580	67
	3	Hotel	Residence Inn	NY, PA, NC	342	29,018	85
	13	Hotel	Courtyard	Various	1,813	108,282	60
Q2 2023	2	Net Lease	Vacant	OH	2,384	620	260
Q3 2023	2	Net Lease	Various	GA, SC	39,133	3,725	95
Q4 2023	9	Net Lease	Vacant	Various	118,793	8,750	74
Q1 2024	1	Net Lease	Vacant	IL	4,100	257	63
	<u>32</u>				<u>2,526 / 164,410</u>	<u>\$ 170,582</u>	<u>\$62 / \$81</u>



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

# Portfolio Information



# Portfolio Summary

As of December 31, 2023

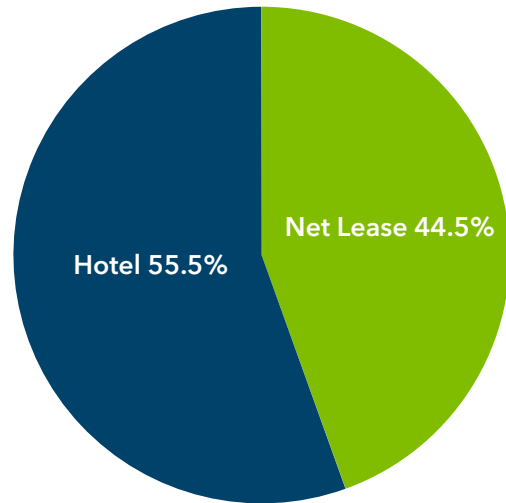
(dollars in thousands)

Number of Properties			
Hotel Properties	221	Number of hotel rooms	37,777
Net Lease Properties	752	Net lease square feet	13,341,172
<b>Total Properties</b>	<b>973</b>	Average hotel property size	171 rooms
		Average net lease property size	17,741 sq. feet

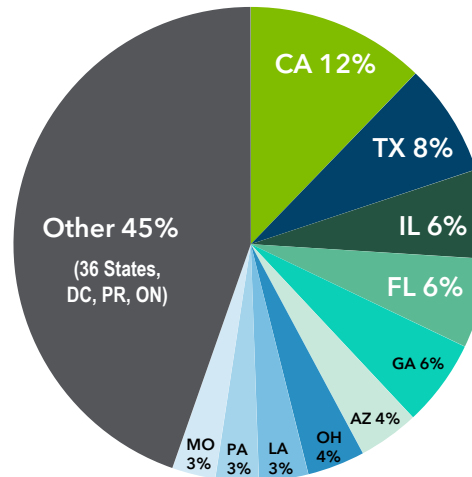
Investments		Diversification Facts	
Hotels	\$ 6,311,013	Tenants/Operators	179
Net Lease Properties	5,062,695	Brands	146
<b>Total Investments</b>	<b>\$ 11,373,708</b>	Industries	22
		States	46



**Portfolio Composition**<sup>(1)</sup>



**Geographical Diversification**<sup>(1)</sup>



(1) Based on investment.



# Consolidated Portfolio Diversification by Industry

As of December 31, 2023

(dollars in thousands)

Industry	No. of Properties	Rooms / Square Footage	Investments	Percent of Total Investment
1. Hotels	221	37,777	\$ 6,311,013	55.5%
2. Travel Centers	179	5,113,374	3,315,815	29.2%
3. Restaurants - Quick Service	211	705,566	285,896	2.5%
4. Health and Fitness	13	873,258	186,365	1.6%
5. Restaurants - Casual Dining	52	402,934	186,184	1.6%
6. Movie Theaters	16	831,344	149,345	1.3%
7. Grocery Stores	19	1,020,819	129,152	1.1%
8. Home Goods and Leisure	20	700,906	121,128	1.1%
9. Automotive Equipment and Services	64	463,492	107,054	0.9%
10. Medical, Dental Office	70	372,171	104,042	0.9%
11. Automotive Dealers	8	177,433	62,656	0.6%
12. Entertainment	4	199,853	61,436	0.5%
13. General Merchandise Stores	4	381,193	55,457	0.5%
14. Educational Services	8	213,755	54,759	0.5%
15. Building Materials	29	465,283	33,464	0.3%
16. Car Washes	6	50,831	30,798	0.3%
17. Miscellaneous Manufacturing	5	538,932	24,156	0.2%
18. Sporting Goods	3	120,847	17,742	0.2%
19. Drug Stores and Pharmacies	6	58,048	17,111	0.2%
20. Legal Services	5	25,429	11,362	0.1%
21. Dollar Stores	3	27,593	2,971	–%
22. Other	5	139,423	27,244	0.2%
23. Vacant	22	458,688	78,558	0.7%
<b>Total</b>	<b>973</b>	<b>37,777 / 13,341,172</b>	<b>\$ 11,373,708</b>	<b>100.0%</b>



# Consolidated Portfolio by Geographic Diversification

As of December 31, 2023

(dollars in thousands)

State	Total Property Count	Hotel Count	Net Lease Count	Investments					
				Total	% of Total	Hotel	Hotel % of Total	Net Lease	Net Lease % of Total
California	58	36	22	\$ 1,408,703	12.4 %	\$ 1,135,638	18.0 %	\$ 273,065	5.4 %
Texas	75	20	55	885,165	7.8 %	373,085	5.9 %	512,080	10.1 %
Illinois	66	10	56	708,858	6.2 %	418,348	6.6 %	290,510	5.7 %
Florida	58	12	46	701,600	6.2 %	455,361	7.2 %	246,239	4.9 %
Georgia	89	16	73	678,962	6.0 %	409,388	6.5 %	269,574	5.3 %
Arizona	39	14	25	479,554	4.2 %	230,984	3.7 %	248,570	4.9 %
Ohio	44	5	39	452,889	4.0 %	123,264	2.0 %	329,625	6.5 %
Louisiana	15	3	12	382,268	3.4 %	250,563	4.0 %	131,705	2.6 %
Pennsylvania	33	5	28	339,166	3.0 %	135,050	2.1 %	204,116	4.0 %
Missouri	29	4	25	286,418	2.5 %	157,268	2.5 %	129,150	2.6 %
Top 10	506	125	381	6,323,583	55.7 %	3,688,949	58.5 %	2,634,634	52.0 %
Other <sup>(1)</sup>	467	96	371	5,050,125	44.3 %	2,622,064	41.5 %	2,428,061	48.0 %
<b>Total</b>	<b>973</b>	<b>221</b>	<b>752</b>	<b>\$ 11,373,708</b>	<b>100.0 %</b>	<b>\$ 6,311,013</b>	<b>100.0 %</b>	<b>\$ 5,062,695</b>	<b>100.0 %</b>



(1) Consists of properties in 36 different states, the District of Columbia, Puerto Rico and Ontario, Canada with an average investment of \$10,814 per property.

# Hotel Portfolio by Brand

As of December 31, 2023

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

Brand	Service Level	Chain Scale	Number of Hotels	Percent of Total Number of Hotels	Number of Rooms or Suites	Percent of Total Number of Rooms or Suites	Investment	Percent of Total Hotel Investment	Investment Per Room or Suite
Royal Sonesta Hotels®	Full Service	Upper Upscale	17	7.7 %	5,663	15.0 %	\$ 1,900,380	30.0 %	\$ 335,578
Sonesta Hotels & Resorts®	Full Service	Upscale	23	10.4 %	7,399	19.6 %	1,355,991	21.5 %	183,267
Sonesta ES Suites®	Extended Stay	Upper Midscale	60	27.0 %	7,643	20.3 %	1,125,254	17.8 %	147,227
Sonesta Select®	Select Service	Upscale	44	19.9 %	6,427	17.0 %	693,520	11.0 %	107,907
Sonesta Simply Suites®	Extended Stay	Midscale	51	23.1 %	6,464	17.1 %	592,399	9.4 %	91,646
Hyatt Place®	Select Service	Upscale	17	7.7 %	2,107	5.6 %	294,344	4.7 %	139,698
Radisson® Hotels & Resorts	Full Service	Upscale	5	2.3 %	1,149	3.0 %	170,800	2.7 %	148,651
Crowne Plaza®	Full Service	Upscale	1	0.5 %	495	1.3 %	124,276	2.0 %	251,063
Country Inn & Suites® by Radisson	Full Service	Upper Midscale	3	1.4 %	430	1.1 %	54,049	0.9 %	125,695
Total / Average Hotels			<u>221</u>	<u>100.0 %</u>	<u>37,777</u>	<u>100.0 %</u>	<u>\$ 6,311,013</u>	<u>100.0 %</u>	<u>\$ 167,060</u>

# Hotel Operating Statistics by Service Level - Comparable Hotels

Brand	Service Level	No. of Hotels	No. of Rooms or Suites	Occupancy			ADR			RevPAR		
				Three Months Ended December 31,			Three Months Ended December 31,			Three Months Ended December 31,		
				2023	2022	Change	2023	2022	Change	2023	2022	Change
Sonesta Hotels & Resorts®	Full Service	22	7,149	56.6 %	58.6 %	(2.0) pts	\$ 147.22	\$ 143.90	2.3 %	\$ 83.33	\$ 84.33	(1.2)%
Royal Sonesta Hotels®	Full Service	17	5,663	53.0 %	51.3 %	1.7 pts	234.48	235.75	(0.5)%	124.27	120.94	2.8 %
Radisson® Hotels & Resorts	Full Service	5	1,149	55.6 %	63.0 %	(7.4) pts	138.71	129.80	6.9 %	77.12	81.77	(5.7)%
Crowne Plaza®	Full Service	1	495	52.2 %	53.8 %	(1.6) pts	142.45	137.10	3.9 %	74.36	73.76	0.8 %
Country Inn & Suites® by Radisson	Full Service	3	430	56.5 %	55.1 %	1.4 pts	127.43	131.31	(3.0)%	72.00	72.35	(0.5)%
Full Service Total / Average		48	14,886	55.0 %	55.8 %	(0.8) pts	177.76	174.48	1.9 %	97.77	97.36	0.4 %
Sonesta Select®	Select Service	44	6,427	51.2 %	50.2 %	1.0 pts	114.36	115.17	(0.7)%	58.55	57.82	1.3 %
Hyatt Place®	Select Service	17	2,107	52.5 %	65.1 %	(12.6) pts	114.59	119.04	(3.7)%	60.16	77.50	(22.4)%
Select Service Total / Average		61	8,534	51.5 %	53.8 %	(2.3) pts	114.42	116.33	(1.6)%	58.93	62.59	(5.8)%
Sonesta ES Suites®	Extended Stay	60	7,643	63.7 %	65.1 %	(1.4) pts	123.94	126.84	(2.3)%	78.95	82.57	(4.4)%
Sonesta Simply Suites®	Extended Stay	50	6,366	63.8 %	66.5 %	(2.7) pts	90.58	90.15	0.5 %	57.79	59.95	(3.6)%
Extended Stay Total / Average		110	14,009	63.7 %	65.7 %	(2.0) pts	108.77	110.09	(1.2)%	69.29	72.33	(4.2)%
		219	37,429	57.5 %	59.1 %	(1.6) pts	\$ 136.18	\$ 135.50	0.5 %	\$ 78.30	\$ 80.08	(2.2)%

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

# Hotel Operating Statistics by Service Level - Comparable Hotels

Brand	Service Level	No. of Hotels	No. of Rooms or Suites	Occupancy			ADR			RevPAR		
				Year Ended December 31,			Year Ended December 31,			Year Ended December 31,		
				2023	2022	Change	2023	2022	Change	2023	2022	Change
Sonesta Hotels & Resorts®	Full Service	22	7,149	62.4 %	60.4 %	2.0 pts	\$ 152.48	\$ 150.40	1.4 %	\$ 95.15	\$ 90.84	4.7 %
Royal Sonesta Hotels®	Full Service	17	5,663	56.5 %	52.2 %	4.3 pts	237.63	236.07	0.7 %	134.26	123.23	9.0 %
Radisson® Hotels & Resorts	Full Service	5	1,149	62.5 %	64.1 %	(1.6) pts	146.45	133.59	9.6 %	91.53	85.63	6.9 %
Crowne Plaza®	Full Service	1	495	60.6 %	54.4 %	6.2 pts	141.30	132.27	6.8 %	85.63	71.95	19.0 %
Country Inn & Suites® by Radisson	Full Service	3	430	65.9 %	62.8 %	3.1 pts	137.17	136.92	0.2 %	90.40	85.99	5.1 %
Full Service Total / Average		48	14,886	60.2 %	57.4 %	2.8 pts	181.71	177.85	2.2 %	109.39	102.09	7.2 %
Sonesta Select®	Select Service	44	6,427	54.9 %	51.6 %	3.3 pts	118.45	117.76	0.6 %	65.03	60.76	7.0 %
Hyatt Place®	Select Service	17	2,107	65.3 %	67.4 %	(2.1) pts	122.23	119.00	2.7 %	79.82	80.21	(0.5)%
Select Service Total / Average		61	8,534	57.5 %	55.5 %	2.0 pts	119.51	118.13	1.2 %	68.72	65.56	4.8 %
Sonesta ES Suites®	Extended Stay	60	7,643	67.8 %	69.3 %	(1.5) pts	128.33	124.90	2.7 %	87.01	86.56	0.5 %
Sonesta Simply Suites®	Extended Stay	50	6,366	68.5 %	71.2 %	(2.7) pts	90.63	86.18	5.2 %	62.08	61.36	1.2 %
Extended Stay Total / Average		110	14,009	68.1 %	70.2 %	(2.1) pts	111.17	107.21	3.7 %	75.71	75.26	0.6 %
		219	37,429	62.6 %	61.7 %	0.9 pts	\$ 139.86	\$ 135.36	3.3 %	\$ 87.55	\$ 83.52	4.8 %

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

# Hotel Operating Statistics by Service Level - All Hotels<sup>(1)</sup>



Brand	Service Level	No. of Hotels	No. of Rooms or Suites	Occupancy			ADR			RevPAR		
				Three Months Ended December 31,			Three Months Ended December 31,			Three Months Ended December 31,		
				2023	2022	Change	2023	2022	Change	2023	2022	Change
Sonesta Hotels & Resorts®	Full Service	23	7,399	57.0 %	58.5 %	(1.5) pts	\$ 152.57	\$ 150.66	1.3 %	\$ 86.96	\$ 88.14	(1.3)%
Royal Sonesta Hotels®	Full Service	17	5,663	53.0 %	51.3 %	1.7 pts	234.48	235.75	(0.5)%	124.27	120.94	2.8 %
Radisson® Hotels & Resorts	Full Service	5	1,149	55.6 %	63.0 %	(7.4) pts	138.71	129.80	6.9 %	77.12	81.77	(5.7)%
Crowne Plaza®	Full Service	1	495	52.2 %	53.8 %	(1.6) pts	142.45	137.10	3.9 %	74.36	73.76	0.8 %
Country Inn & Suites® by Radisson	Full Service	3	430	56.5 %	55.1 %	1.4 pts	127.43	131.31	(3.0)%	72.00	72.35	(0.5)%
Full Service Total / Average		49	15,136	55.2 %	55.8 %	(0.6) pts	179.85	177.40	1.4 %	99.28	98.99	0.3 %
Sonesta Select®	Select Service	44	6,427	51.2 %	50.2 %	1.0 pts	114.36	115.17	(0.7)%	58.55	57.82	1.3 %
Hyatt Place®	Select Service	17	2,107	52.5 %	65.1 %	(12.6) pts	114.59	119.04	(3.7)%	60.16	77.50	(22.4)%
Select Service Total / Average		61	8,534	51.5 %	53.8 %	(2.3) pts	114.42	116.33	(1.6)%	58.93	62.59	(5.8)%
Sonesta ES Suites®	Extended Stay	60	7,643	63.7 %	65.1 %	(1.4) pts	123.94	126.84	(2.3)%	78.95	82.57	(4.4)%
Sonesta Simply Suites®	Extended Stay	51	6,464	63.2 %	65.9 %	(2.7) pts	90.58	90.15	0.5 %	57.25	59.41	(3.6)%
Extended Stay Total / Average		111	14,107	63.4 %	65.4 %	(2.0) pts	108.77	110.09	(1.2)%	68.96	72.00	(4.2)%
		221	37,777	57.4 %	59.0 %	(1.6) pts	\$ 137.31	\$ 136.84	0.3 %	\$ 78.82	\$ 80.74	(2.4)%

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

(1) Includes results of all hotels owned as of December 31, 2023.

# Hotel Operating Statistics by Service Level - All Hotels<sup>(1)</sup>



Brand	Service Level	No. of Hotels	No. of Rooms or Suites	Occupancy			ADR			RevPAR		
				Year Ended December 31,			Year Ended December 31,			Year Ended December 31,		
				2023	2022	Change	2023	2022	Change	2023	2022	Change
Sonesta Hotels & Resorts®	Full Service	23	7,399	62.5 %	60.4 %	2.1 pts	\$ 157.60	\$ 158.00	(0.3)%	\$ 98.50	\$ 95.43	3.2 %
Royal Sonesta Hotels®	Full Service	17	5,663	56.5 %	52.2 %	4.3 pts	237.63	236.07	0.7 %	134.26	123.23	9.0 %
Radisson® Hotels & Resorts	Full Service	5	1,149	62.5 %	64.1 %	(1.6) pts	146.45	133.59	9.6 %	91.53	85.63	6.9 %
Crowne Plaza®	Full Service	1	495	60.6 %	54.4 %	6.2 pts	141.30	132.27	6.8 %	85.63	71.95	19.0 %
Country Inn & Suites® by Radisson	Full Service	3	430	65.9 %	62.8 %	3.1 pts	137.17	136.92	0.2 %	90.40	85.99	5.1 %
Full Service Total / Average		49	15,136	60.3 %	57.4 %	2.9 pts	183.77	181.21	1.4 %	110.81	104.01	6.5 %
Sonesta Select®	Select Service	44	6,427	54.9 %	51.6 %	3.3 pts	118.45	117.76	0.6 %	65.03	60.76	7.0 %
Hyatt Place®	Select Service	17	2,107	65.3 %	67.4 %	(2.1) pts	122.23	119.00	2.7 %	79.82	80.21	(0.5)%
Select Service Total / Average		61	8,534	57.5 %	55.5 %	2.0 pts	119.51	118.13	1.2 %	68.72	65.56	4.8 %
Sonesta ES Suites®	Extended Stay	60	7,643	67.8 %	69.3 %	(1.5) pts	128.33	124.90	2.7 %	87.01	86.56	0.5 %
Sonesta Simply Suites®	Extended Stay	51	6,464	67.8 %	70.4 %	(2.6) pts	90.63	86.18	5.2 %	61.45	60.67	1.3 %
Full Service Total / Average		111	14,107	67.8 %	69.8 %	(2.0) pts	111.17	107.21	3.7 %	75.37	74.83	0.7 %
		221	37,777	62.5 %	61.6 %	0.9 pts	\$ 140.94	\$ 136.89	3.0 %	\$ 88.09	\$ 84.32	4.5 %

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

(1) Includes results of all hotels owned as of December 31, 2023. Excludes the results of hotels sold during the periods presented and includes data for one hotel for periods prior to when SVC acquired it.

# Net Lease Portfolio by Brand

As of December 31, 2023

(dollars in thousands)

Brand	No. of Properties	Square Feet	Investment	Percent of Total Investment	Annualized Minimum Rent	Percent of Total Annualized Minimum Rent	Rent Coverage
1. TravelCenters of America Inc.	132	3,697,503	\$ 2,258,977	44.6 %	\$ 173,402	46.6 %	1.91x <sup>(1)</sup>
2. Petro Stopping Centers	44	1,367,802	1,015,156	20.1 %	80,598	21.6 %	1.91x <sup>(1)</sup>
3. The Great Escape	14	542,666	98,242	1.9 %	7,711	2.1 %	6.20x
4. Life Time Fitness	3	420,335	92,617	1.8 %	5,770	1.5 %	2.35x
5. Buehler's Fresh Foods	5	502,727	76,469	1.5 %	5,657	1.5 %	3.08x
6. Heartland Dental	59	234,274	61,120	1.2 %	4,699	1.3 %	4.41x
7. AMC Theatres	6	297,166	67,023	1.3 %	4,438	1.2 %	1.61x
8. Express Oil Change	23	83,825	49,724	1.0 %	3,717	1.0 %	4.32x
9. Norms	10	63,490	53,673	1.1 %	3,693	1.0 %	3.35x
10. Pizza Hut	40	167,366	45,285	0.9 %	3,422	0.9 %	2.25x
11. Flying J Travel Plaza	3	48,069	41,681	0.8 %	3,247	0.9 %	5.02x
12. America's Auto Auction	6	72,338	38,314	0.8 %	3,216	0.9 %	7.09x
13. Fleet Farm	1	218,248	37,802	0.7 %	2,783	0.7 %	2.23x
14. Crème de la Crème	4	81,929	29,131	0.6 %	2,429	0.7 %	1.02x
15. Big Al's	2	111,912	35,214	0.7 %	2,336	0.6 %	1.05x
16. Martin's	16	81,909	31,144	0.6 %	2,252	0.6 %	1.91x
17. Mister Car Wash	5	41,456	28,658	0.6 %	2,214	0.6 %	3.14x
18. Burger King	20	94,949	32,953	0.7 %	2,034	0.5 %	2.54x
19. Popeye's	20	45,708	28,434	0.6 %	1,983	0.5 %	4.09x
20. Regal Cinemas	5	223,846	34,953	0.7 %	1,958	0.5 %	2.15x
21. Courthouse Athletic Club	4	193,659	39,688	0.8 %	1,906	0.5 %	1.20x
22. Arby's	19	57,868	29,234	0.6 %	1,744	0.5 %	3.70x
23. Hardee's	15	49,958	24,919	0.5 %	1,697	0.5 %	1.78x
24. Church's Chicken	32	43,399	26,326	0.5 %	1,693	0.5 %	3.90x
25. United Supermarkets	6	236,178	26,121	0.5 %	1,686	0.5 %	4.51x
26. Other <sup>(2)</sup>	258	4,362,592	759,837	14.9 %	46,034	12.3 %	3.99x
<b>Total</b>	<b>752</b>	<b>13,341,172</b>	<b>\$ 5,062,695</b>	<b>100.0 %</b>	<b>\$ 372,319</b>	<b>100.0 %</b>	<b>2.46x</b>



- (1) Rent coverage information provided by tenant is for all 176 sites on a consolidated basis and is as of December 31, 2023.
- (2) Consists of 112 distinct brands with an average investment of \$2,945 per property.



# Net Lease Portfolio by Industry

As of December 31, 2023

(dollars in thousands)

Industry	No. of Properties	Square Feet	Investment	Percent of Total Investment	Annualized Minimum Rent	Percent of Total Annualized Minimum Rent	Rent Coverage
1. Travel Centers	179	5,113,374	\$ 3,315,815	65.4%	\$ 257,248	69.1%	1.95x <sup>(1)</sup>
2. Restaurants - Quick Service	211	705,566	285,896	5.6%	19,435	5.1%	3.08x
3. Restaurants - Casual Dining	52	402,934	186,184	3.7%	11,624	3.0%	2.85x
4. Home Goods and Leisure	20	700,906	121,128	2.4%	10,465	2.7%	4.97x
5. Health and Fitness	13	873,258	186,365	3.7%	9,501	2.6%	1.97x
6. Grocery Stores	19	1,020,819	129,152	2.6%	9,223	2.5%	3.66x
7. Movie Theaters	16	831,344	149,345	2.9%	8,666	2.3%	1.88x
8. Medical, Dental Office	70	372,171	104,042	2.1%	8,053	2.2%	3.52x
9. Automotive Equipment and Services	64	463,492	107,054	2.1%	7,651	2.1%	4.44x
10. Automotive Dealers	8	177,433	62,656	1.2%	4,964	1.3%	6.24x
11. Educational Services	8	213,755	54,759	1.1%	4,356	1.2%	1.51x
12. Entertainment	4	199,853	61,436	1.2%	4,329	1.2%	3.17x
13. General Merchandise Stores	4	381,193	55,457	1.1%	3,929	1.1%	2.85x
14. Building Materials	29	465,283	33,464	0.7%	2,834	0.8%	7.27x
15. Car Washes	6	50,831	30,798	0.6%	2,367	0.6%	3.00x
16. Miscellaneous Manufacturing	5	538,932	24,156	0.5%	1,362	0.4%	15.00x
17. Drug Stores and Pharmacies	6	58,048	17,111	0.3%	1,122	0.3%	1.23x
18. Legal Services	5	25,429	11,362	0.2%	1,075	0.3%	5.49x
19. Sporting Goods	3	120,847	17,742	0.4%	718	0.2%	3.69x
20. Dollar Stores	3	27,593	2,971	0.1%	189	0.1%	2.46x
21. Other <sup>(2)</sup>	5	139,423	27,244	0.5%	3,208	0.9%	5.60x
22. Vacant	22	458,688	78,558	1.6%	–	–%	–x
<b>Total</b>	<b>752</b>	<b>13,341,172</b>	<b>\$ 5,062,695</b>	<b>100.0%</b>	<b>\$ 372,319</b>	<b>100.0%</b>	<b>2.46x</b>



- (1) Rent coverage for TA is as of December 31, 2023.  
(2) Consists of miscellaneous businesses with an average investment of \$5,449 per property.

# Net Lease Portfolio by Tenant (Top 10)

As of December 31, 2023

(dollars in thousands)

Tenant	Brand Affiliation	No. of Properties	Square Feet	Investment	Percent of Total Investment	Annualized Minimum Rent	Percent of Total Annualized Minimum Rent	Weighted Average Lease Term	Rent Coverage
1. TravelCenters of America Inc. <sup>(1)</sup>	TravelCenters of America / Petro Stopping Centers	176	5,065,305	\$ 3,274,133	64.7 %	\$ 254,000	68.2 %	9.4	1.91x
2. Universal Pool Co., Inc.	The Great Escape	14	542,666	98,242	1.9 %	7,711	2.1 %	3.7	6.20x
3. Healthy Way of Life II, LLC	Life Time Fitness	3	420,335	92,617	1.8 %	5,770	1.5 %	11.5	2.35x
4. Styx Acquisition, LLC	Buehler's Fresh Foods	5	502,727	76,469	1.5 %	5,657	1.5 %	11.8	3.08x
5. Professional Resource Development, Inc.	Heartland Dental	59	234,274	61,120	1.2 %	4,699	1.3 %	2.2	4.41x
6. American Multi-Cinema, Inc.	AMC Theatres	6	297,166	67,023	1.3 %	4,438	1.2 %	3.1	1.61x
7. Express Oil Change, L.L.C.	Express Oil Change	23	83,825	49,724	1.0 %	3,717	1.0 %	11.3	4.32x
8. Norms Restaurants, LLC	Norms	10	63,490	53,673	1.1 %	3,693	1.0 %	21.5	3.35x
9. Pilot Travel Centers LLC	Flying J Travel Plaza	3	48,069	41,681	0.8 %	3,247	0.9 %	5.0	5.02x
10. Automotive Remarketing Group, Inc.	America's Auto Auction	6	72,338	38,314	0.8 %	3,216	0.9 %	11.3	7.09x
Sub-total, Top 10		305	7,330,195	3,852,996	76.1 %	296,148	79.6 %	9.3	2.23x
11. Other <sup>(2)</sup>	Various	447	6,010,977	1,209,699	23.9 %	76,171	20.4 %	7.1	3.38x
Total		752	13,341,172	\$ 5,062,695	100.0 %	\$ 372,319	100.0 %	8.8	2.46x

(1) TA is SVC's largest tenant. As of December 31, 2023, SVC leased 176 travel centers (132 under the TravelCenters of America brand and 44 under the Petro Stopping Centers brand) to a subsidiary of TA under five master leases that expire in 2033. TA has five renewal options for 10 years each for all of the travel centers under each lease. BP Corporation North America Inc. guarantees payment under each of the five master leases. The aggregate guaranty as of December 31, 2023 was approximately \$3,037,475. Annualized minimum rent excludes the impact of rents prepaid by TA. Rent coverage was 1.83x, 1.92x, 1.97x, 2.07x and 1.79x, for our TA leases no. 1, no. 2, no. 3, no. 4 and no. 5, respectively. Rent coverage is as of December 31, 2023.

(2) Consists of 165 tenants with an average investment of \$2,706 per property and an average annual minimum rent of \$170 per property.

# Net Lease Portfolio - Expiration Schedule

As of December 31, 2023

(dollars in thousands)

Year <sup>(1)</sup>	Number of Properties	Square Feet	Annualized Minimum Rent Expiring	Percent of Total Annualized Minimum Rent Expiring	Cumulative Percent of Total Annualized Minimum Rent Expiring
2024	37	586,223	\$ 7,966	2.1%	2.1%
2025	28	461,687	9,077	2.4%	4.5%
2026	113	1,061,593	11,964	3.2%	7.7%
2027	37	939,989	12,508	3.4%	11.1%
2028	26	670,157	10,840	2.9%	14.0%
2029	55	292,899	5,864	1.6%	15.6%
2030	31	138,590	4,208	1.1%	16.7%
2031	22	372,186	4,740	1.3%	18.0%
2032	36	143,954	2,965	0.8%	18.8%
2033	212	5,349,669	257,991	69.4%	88.2%
2034	17	308,491	4,587	1.2%	89.4%
2035	42	1,145,818	18,835	5.1%	94.5%
2036	12	297,074	5,271	1.4%	95.9%
2037	7	296,403	2,147	0.6%	96.5%
2038	7	66,700	1,254	0.3%	96.8%
2039	10	140,780	3,364	0.9%	97.7%
2040	18	115,142	2,406	0.6%	98.3%
2041	6	216,040	2,225	0.6%	98.9%
2042	–	–	–	–%	98.9%
2043	1	57,543	155	–%	98.9%
2044	3	126,116	259	0.1%	99.0%
2045	10	63,490	3,693	1.0%	100.0%
<b>Total</b>	<b>730</b>	<b>12,850,544</b>	<b>\$ 372,319</b>	<b>100.0%</b>	
Weighted Average Lease Term		<u>8.2 years</u>	<u>8.8 years</u>		



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

# Net Lease Portfolio - Occupancy Summary

As of December 31, 2023

	As of and For the Three Months Ended				
	12/31/2023	9/30/2023	6/30/2023	3/31/2023	12/31/2022
Properties (end of period)	752	761	763	765	765
Vacant properties beginning of period	32	30	27	23	21
Vacant property sales / leased	(12)	(2)	(2)	(1)	(1)
Lease terminations	2	4	5	5	3
Vacant properties end of the period	<u>22</u>	<u>32</u>	<u>30</u>	<u>27</u>	<u>23</u>
Percentage of properties leased	97.1 %	95.8 %	96.1 %	96.5 %	97.0 %



# Appendix



## The Company:

SVC is a REIT that owns hotels and service-focused retail net lease properties throughout the United States and in Puerto Rico and Canada. SVC is included in 154 market indices and comprises more than 1% of the following indices as of December 31, 2023: Bloomberg Reit Hotels Index (BBREHOTL), Invesco S&P SmallCap Financials ETF INAV Index (PSCFIV) and Hoya Capital High Dividend Yield Index (GTR) (RIET).

## Management:

SVC is managed by The RMR Group (Nasdaq: RMR). RMR is an alternative asset management company that is focused on commercial real estate and related businesses. As of December 31, 2023, RMR had over \$41 billion of real estate assets under management and the combined RMR managed companies had more than \$5 billion of annual revenues, over 2,000 properties and over 20,000 employees. SVC believes that being managed by RMR is a competitive advantage for SVC because of RMR's depth of management and experience in the real estate industry. SVC also believes RMR provides management services to it at costs that are lower than SVC would have to pay for similar quality services if SVC were self-managed.

## Equity Research Coverage

### ***B. Riley Securities, Inc.***

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

### ***Oppenheimer & Co. Inc.***

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

## Rating Agencies and Issuer Ratings

### ***Moody's Investors Service***

Misbah Seyal  
(212) 553-9357  
misbah.seyal@moodys.com  
B2 (Outlook: Negative)/B1\*

\*B1 rating assigned to guaranteed senior secured and unsecured notes.

### ***HSBC***

Meredith Jensen  
(212) 525-6858  
meredith.jensen@us.hsbc.com

### ***Wells Fargo Securities***

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

### ***S&P Global***

Alan Zigman  
(416) 507-2556  
alan.zigman@spglobal.com  
B+ (Outlook: Stable)/BB\*

\*BB rating assigned to guaranteed senior secured and unsecured notes.

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

## **Board of Trustees**

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*Independent Trustee*

Robert E. Cramer  
*Independent Trustee*

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William A. Lamkin  
*Independent Trustee*

John G. Murray  
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Rajan C. Penkar  
*Independent Trustee*

Adam D. Portnoy  
*Chair of the Board & Managing Trustee*

## **Executive Officers**

Todd W. Hargreaves  
*President and Chief Investment Officer*

Brian E. Donley  
*Chief Financial Officer and Treasurer*



# Calculation of FFO and Normalized FFO



(amounts in thousands, except per share data)

	For the Three Months Ended				For the Year Ended		
	12/31/2023	9/30/2023	6/30/2023	3/31/2023	12/31/2022	12/31/2022	
Net (loss) income	\$ (43,323)	\$ (4,128)	\$ (11,278)	\$ 25,950	\$ (31,409)	\$ (32,779)	\$ (132,381)
Add (Less):							
Depreciation and amortization	94,952	94,498	94,571	100,039	94,961	384,060	401,108
Loss on asset impairment, net <sup>(5)</sup>	27	512	9,005	–	1,269	9,544	10,989
(Gain) loss on sale of real estate, net <sup>(6)</sup>	(1,280)	(123)	62	(41,898)	(3,583)	(43,239)	(47,818)
Loss (gain) on equity securities, net	–	–	593	(49,430)	10,841	(48,837)	8,104
Adjustments to reflect SVC's share of FFO attributable to an investee	940	972	798	1,233	1,049	3,943	3,723
FFO	51,316	91,731	93,751	35,894	73,128	272,692	243,725
Add (Less):							
Loss on early extinguishment of debt <sup>(7)</sup>	1,242	–	238	44	–	1,524	791
Adjustments to reflect SVC's share of Normalized FFO attributable to an investee	1,034	263	207	321	138	1,825	1,037
Transaction related costs <sup>(4)</sup>	(3,556)	115	931	887	–	(1,623)	1,920
Normalized FFO	\$ 50,036	\$ 92,109	\$ 95,127	\$ 37,146	\$ 73,266	\$ 274,418	\$ 247,473
Weighted average shares outstanding (basic and diluted)	165,154	165,027	164,902	164,867	164,862	164,988	164,738
Basic and diluted per common share amounts:							
Net (loss) income	\$ (0.26)	\$ (0.03)	\$ (0.07)	\$ 0.16	\$ (0.19)	\$ (0.20)	\$ (0.80)
FFO	\$ 0.31	\$ 0.56	\$ 0.57	\$ 0.22	\$ 0.44	\$ 1.65	\$ 1.48
Normalized FFO	\$ 0.30	\$ 0.56	\$ 0.58	\$ 0.23	\$ 0.44	\$ 1.66	\$ 1.50

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



# Calculation of EBITDA, EBITDAre and Adjusted EBITDAre

(dollars in thousands)

	For the Three Months Ended				For the Year Ended		
	12/31/2023	9/30/2023	6/30/2023	3/31/2023	12/31/2022	12/31/2023	12/31/2022
Net (loss) income	\$ (43,323)	\$ (4,128)	\$ (11,278)	\$ 25,950	\$ (31,409)	\$ (32,779)	\$ (132,381)
Add (Less): Interest expense	89,979	82,280	82,503	81,580	77,891	336,342	341,795
Income tax (benefit) expense	(723)	(2,242)	5,247	(3,780)	(1,757)	(1,498)	(199)
Depreciation and amortization	94,952	94,498	94,571	100,039	94,961	384,060	401,108
<b>EBITDA</b>	<b>140,885</b>	<b>170,408</b>	<b>171,043</b>	<b>203,789</b>	<b>139,686</b>	<b>686,125</b>	<b>610,323</b>
Add (Less): Loss on asset impairment, net <sup>(5)</sup>	27	512	9,005	–	1,269	9,544	10,989
(Gain) loss on sale of real estate, net <sup>(6)</sup>	(1,280)	(123)	62	(41,898)	(3,583)	(43,239)	(47,818)
Adjustments to reflect SVC's share of EBITDAre attributable to an investee	2,315	2,707	2,275	2,614	2,340	9,911	7,881
<b>EBITDAre</b>	<b>141,947</b>	<b>173,504</b>	<b>182,385</b>	<b>164,505</b>	<b>139,712</b>	<b>662,341</b>	<b>581,375</b>
Add (Less): Loss (gain) on equity securities, net	–	–	593	(49,430)	10,841	(48,837)	8,104
Loss on early extinguishment of debt <sup>(7)</sup>	1,242	–	238	44	–	1,524	791
Adjustments to reflect SVC's share of Adjusted EBITDAre attributable to an investee	1,034	263	207	321	(529)	1,825	1,037
Transaction related costs <sup>(4)</sup>	(3,556)	115	931	887	–	(1,623)	1,920
General and administrative expense paid in common shares	487	1,446	970	514	510	3,417	2,776
<b>Adjusted EBITDAre</b>	<b>\$ 141,154</b>	<b>\$ 175,328</b>	<b>\$ 185,324</b>	<b>\$ 116,841</b>	<b>\$ 150,534</b>	<b>\$ 618,647</b>	<b>\$ 596,003</b>

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

# Calculation and Reconciliation of Hotel EBITDA - Comparable Hotels

(dollars in thousands)

	For the Three Months Ended				For the Year Ended		
	12/31/2023	9/30/2023	6/30/2023	3/31/2023	12/31/2022	12/31/2023	12/31/2022
Number of hotels	219	219	219	219	219	219	219
Room revenues	\$ 269,493	\$ 324,923	\$ 328,538	\$ 268,045	\$ 273,896	\$ 1,190,999	\$ 1,129,771
Food and beverage revenues	48,284	43,333	52,567	41,909	45,341	186,093	155,887
Other revenues	18,951	22,844	21,833	17,042	15,893	80,670	61,234
Hotel operating revenues - comparable hotels	336,728	391,100	402,938	326,996	335,130	1,457,762	1,346,892
Rooms expenses	91,005	103,376	100,527	88,383	89,952	383,291	356,407
Food and beverage expenses	37,788	35,953	38,964	34,337	34,677	147,042	122,573
Other direct and indirect expenses	122,059	132,028	127,589	124,612	118,534	506,288	469,373
Management fees	12,828	15,080	15,370	12,651	12,876	55,929	52,289
Real estate taxes, insurance and other	29,757	25,963	25,353	30,162	23,942	111,235	111,962
FF&E Reserves	992	1,719	1,737	1,554	1,459	6,002	6,047
Hotel operating expenses - comparable hotels	294,429	314,119	309,540	291,699	281,440	1,209,787	1,118,651
Hotel EBITDA	<u>\$ 42,299</u>	<u>\$ 76,981</u>	<u>\$ 93,398</u>	<u>\$ 35,297</u>	<u>\$ 53,690</u>	<u>\$ 247,975</u>	<u>\$ 228,241</u>
Hotel EBITDA Margin	12.6 %	19.7 %	23.2 %	10.8 %	16.0 %	17.0 %	16.9 %
Hotel operating revenues (GAAP) <sup>(1)</sup>	\$ 343,385	\$ 395,526	\$ 404,327	\$ 334,796	\$ 350,501	\$ 1,478,034	\$ 1,467,344
Add (Less):							
Hotel operating revenues from non-comparable hotels	(6,657)	(4,426)	(1,389)	(7,800)	(15,371)	(20,272)	(120,452)
Hotel operating revenues - comparable hotels	<u>\$ 336,728</u>	<u>\$ 391,100</u>	<u>\$ 402,938</u>	<u>\$ 326,996</u>	<u>\$ 335,130</u>	<u>\$ 1,457,762</u>	<u>\$ 1,346,892</u>
Hotel operating expenses (GAAP) <sup>(1)</sup>	\$ 297,488	\$ 317,752	\$ 309,100	\$ 299,566	\$ 293,554	\$ 1,223,906	\$ 1,227,357
Add (Less):							
Hotel operating expenses from non-comparable hotels	(5,322)	(5,913)	(1,643)	(10,377)	(14,194)	(23,255)	(117,237)
Reduction for security deposit and guaranty fundings, net <sup>(3)</sup>	650	(140)	(195)	335	–	650	–
Management and incentive management fees paid from cash flows in excess of minimum returns and rents	–	80	(80)	–	–	–	–
FF&E Reserves from managed hotel operations	992	1,719	1,737	1,554	1,459	6,002	6,047
Other <sup>(8)</sup>	621	621	621	621	621	2,484	2,484
Hotel operating expenses - comparable hotels	<u>\$ 294,429</u>	<u>\$ 314,119</u>	<u>\$ 309,540</u>	<u>\$ 291,699</u>	<u>\$ 281,440</u>	<u>\$ 1,209,787</u>	<u>\$ 1,118,651</u>

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

# Calculation and Reconciliation of Hotel EBITDA - All Hotels\*

(dollars in thousands)

	For the Three Months Ended					For the Year Ended	
	12/31/2023	9/30/2023	6/30/2023	3/31/2023	12/31/2022	12/31/2023	12/31/2022
Number of hotels	221	221	221	220	238	221	238
Room revenues	\$ 273,869	\$ 327,688	\$ 329,484	\$ 275,267	\$ 288,082	\$ 1,206,308	\$ 1,244,925
Food and beverage revenues	49,878	44,279	52,837	42,245	45,968	189,239	158,762
Other revenues	19,638	23,559	22,006	17,284	16,451	82,487	63,657
Hotel operating revenues	<u>343,385</u>	<u>395,526</u>	<u>404,327</u>	<u>334,796</u>	<u>350,501</u>	<u>1,478,034</u>	<u>1,467,344</u>
Rooms expenses	92,477	104,550	100,935	91,300	93,067	389,262	393,553
Food and beverage expenses	39,095	36,997	39,282	34,750	35,248	150,124	125,312
Other direct and indirect expenses	121,289	132,254	126,360	128,202	124,396	508,105	517,982
Management fees	12,583	14,611	14,855	12,143	12,450	54,192	53,384
Real estate taxes, insurance and other	33,315	29,900	28,014	34,128	29,014	125,357	139,610
FF&E Reserves	992	1,719	1,737	1,992	2,252	6,440	9,268
Hotel operating expenses	<u>299,751</u>	<u>320,031</u>	<u>311,183</u>	<u>302,515</u>	<u>296,427</u>	<u>1,233,480</u>	<u>1,239,109</u>
Hotel EBITDA	<u>\$ 43,634</u>	<u>\$ 75,495</u>	<u>\$ 93,144</u>	<u>\$ 32,281</u>	<u>\$ 54,074</u>	<u>\$ 244,554</u>	<u>\$ 228,235</u>
Hotel EBITDA Margin	12.7 %	19.1 %	23.0 %	9.6 %	15.4 %	16.5 %	15.6 %
Hotel operating expenses (GAAP) <sup>(1)</sup>	\$ 297,488	\$ 317,752	\$ 309,100	\$ 299,566	\$ 293,554	\$ 1,223,906	\$ 1,227,357
Add (Less):							
Reduction for security deposit and guaranty fundings, net <sup>(3)</sup>	650	(140)	(195)	335	–	650	–
Management and incentive management fees paid from cash flows in excess of minimum returns and rents	–	80	(80)	–	–	–	–
FF&E Reserves from managed hotel operations	992	1,718	1,737	1,993	2,252	6,440	9,268
Other <sup>(8)</sup>	621	621	621	621	621	2,484	2,484
Hotel operating expenses	<u>\$ 299,751</u>	<u>\$ 320,031</u>	<u>\$ 311,183</u>	<u>\$ 302,515</u>	<u>\$ 296,427</u>	<u>\$ 1,233,480</u>	<u>\$ 1,239,109</u>

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

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

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



(dollars in thousands)

- (1) As of December 31, 2023, SVC owned 221 hotels. SVC's consolidated statements of income (loss) include hotel operating revenues and expenses of its managed hotels.
- (2) SVC increased rental income by \$6,298 and reduced rental income by \$2,247 for the three months ended December 31, 2023 and 2022, respectively, and increased rental income by \$13,165 and reduced rental income by \$7,767 for the years ended December 31, 2023 and 2022, respectively, to record scheduled rent changes under certain of its leases on a straight line basis.
- (3) When managers of SVC's hotels are required to fund the shortfalls of owner's priority return under the terms of the management agreements or their guarantees, SVC reflects such fundings in its 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 consolidated statements of income (loss) as an increase to hotel operating expenses. The net decrease to hotel operating expenses was \$650 for both the three months and year ended December 31, 2023. There were no adjustments to hotel operating expenses during the three months and year ended December 31, 2022.
- (4) Transaction related costs for the three months and year ended December 31, 2023 of \$(3,556) and \$(1,623), respectively, primarily consisted of the partial recovery of a working capital reserve related to SVC's InterContinental Hotels Group, plc portfolio previously deemed uncollectable and expensed in 2021, partially offset by costs related to hotel rebranding activity, the demolition of certain vacant properties, and potential acquisitions. Transaction related costs for the year ended December 31, 2023 primarily consisted of costs related to SVC's exploration of possible financing transactions.
- (5) SVC recorded a loss on asset impairment for the three months and year ended December 31, 2023 of \$27 and \$9,544, respectively, to reduce the carrying value of one hotel in the three month period, and one hotel and 16 net lease properties in the full year period, to their estimated fair value less costs to sell.  
SVC recorded a loss on asset impairment for the three months and year ended December 31, 2022 of \$1,269 and \$10,989, respectively, to reduce the carrying value of one hotel and one net lease property in the three month period, and 26 hotels and five net lease properties in the full year period, to their estimated fair value less costs to sell.
- (6) SVC recorded a net gain on sale of real estate during the three months and year ended December 31, 2023 of \$1,280 and \$43,239, respectively, in connection with the sale of nine net lease properties in the three month period, and 18 hotels and 13 net lease properties in the full year period.  
SVC recorded a net gain on sale of real estate during the three months and year ended December 31, 2022 of \$3,583 and \$47,818, respectively, in connection with the sale of four hotels and two net lease properties in the three month period, and 65 hotels and 21 net lease properties in the full year period.
- (7) SVC recorded a loss on early extinguishment of debt during the three months and year ended December 31, 2023 of \$1,242 and \$1,524, respectively, in connection with the write off of deferred financing costs and unamortized discounts relating to the repayment of certain senior unsecured notes in the three month period, and the write off of certain deferred financing costs and unamortized discounts relating to the amendment of its revolving credit facility and the repayment of certain senior unsecured notes in the full year period.  
SVC recorded a loss on early extinguishment of debt during the year ended December 31, 2022 of \$791 in connection with the write off of deferred financing costs and unamortized discounts relating to the amendment of its revolving credit facility and the repayment of certain senior unsecured notes.
- (8) SVC is amortizing a liability it recorded for the fair value of its initial investment in Sonesta as a reduction to hotel operating expenses in the consolidated statements of income (loss). SVC reduced hotel operating expenses by \$621 for each of the three months ended December 31, 2023 and 2022 related to this liability, and \$2,484 for each of the years ended December 31, 2023 and 2022 related to this liability.

## Non-GAAP Financial Measures

SVC presents certain “non-GAAP financial measures” within the meaning of the applicable Securities and Exchange Commission, or SEC, rules, including FFO, Normalized FFO, 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 consolidated statements of income (loss). SVC considers these non-GAAP measures to be appropriate supplemental measures of operating performance for a REIT, along with net income (loss). SVC believes these measures provide useful information to investors because by excluding the effects of certain historical amounts, such as depreciation and amortization expense, they may facilitate a comparison of its operating performance between periods and with other REITs and, in the case of Hotel EBITDA, reflecting only those income and expense items that are generated and incurred at the hotel level may help both investors and management to understand the operations of its hotels.

**FFO and Normalized FFO:** SVC calculates funds from operations, or FFO, and normalized funds from operations, or Normalized FFO, as shown on [page 32](#). FFO is calculated on the basis defined by The National Association of Real Estate Investment Trusts, or Nareit, which is net income (loss), calculated in accordance with GAAP, excluding any gain or loss on sale of real estate and loss on impairment of real estate assets, if any, plus real estate depreciation and amortization, less any gains and losses on equity securities, as well as adjustments to reflect SVC's share of FFO attributable to an investee and certain other adjustments currently not applicable to SVC. In calculating Normalized FFO, SVC adjusts for the items shown on [page 32](#). FFO and Normalized FFO are among the factors considered by SVC's Board of Trustees when determining the amount of distributions to SVC's shareholders. Other factors include, but are not limited to, requirements to satisfy its REIT distribution requirements, the availability to SVC of debt and equity capital, SVC's distribution rate as a percentage of the trading price of its common shares, or dividend yield, and to the dividend yield of other REITs, SVC's expectation of its future capital requirements and operating performance and its expected needs for and availability of cash to pay its obligations. Other real estate companies and REITs may calculate FFO and Normalized FFO differently than SVC does.

**EBITDA, EBITDAre and Adjusted EBITDAre:** SVC calculates earnings before interest, taxes, depreciation and amortization, or EBITDA, EBITDA for real estate, or EBITDAre, and Adjusted EBITDAre as shown on [page 33](#). EBITDAre is calculated on the basis defined by Nareit, which is EBITDA, excluding gains and losses on the sale of real estate, loss on impairment of real estate assets, if any, and adjustments to reflect SVC's share of EBITDAre attributable to an investee. In calculating Adjusted EBITDAre, SVC adjusts for the items shown on [page 33](#). Other real estate companies and REITs may calculate EBITDA, EBITDAre and Adjusted EBITDAre differently than SVC does.

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

## Other Definitions

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

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

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

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

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

**Comparable Hotels Data:** SVC presents RevPAR, ADR and occupancy for the periods presented on a comparable basis to facilitate comparisons between periods. SVC defines comparable hotels as those that it owned on December 31, 2023 and were open and operating for the entire periods being compared. For the periods presented, SVC's comparable results exclude two hotels. One of the hotels was not owned for the entirety of the periods and the other suspended operations during part of the periods presented.

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

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

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

**FF&E Reserves:** FF&E Reserves, or FF&E Reserves from managed hotel operations, represent various percentages of total sales at certain of SVC's hotels that are escrowed as reserves for future renovations or refurbishments, or FF&E Reserve escrows. SVC owns all the FF&E Reserve escrows for its hotels.

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

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

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

**Hotel 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.

**Loss (Gain) on Equity Securities, Net:** Gain or loss on equity securities, net represents the adjustment required to adjust the carrying value of SVC's former investment in shares of TA common stock to its fair value.

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

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

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

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

**SOFR:** SOFR is the secured overnight financing rate.

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

# Warning Concerning Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other securities laws that are subject to risks and uncertainties. These statements may include words such as "believe", "expect", "anticipate", "intend", "plan", "estimate", "will", "may" and negatives or derivatives of these or similar expressions. These forward-looking statements include, among others, statements about: the credit quality of TA; SVC's current liquidity and ability to execute its plan of reinvesting in its hotels through strategic capital projects; SVC's expectation of renovation activity in its portfolio and sustained operating improvements; and the amount and timing of future distributions.

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

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