

FACT SHEET

Information About Our Participation in the Paycheck Protection Program ("PPP") to Stabilize Our Businesses and Get Our Employees Back to Work

Ashford Inc. (NYSE American: AINC) serves as the external advisor to both Ashford Hospitality Trust (NYSE: AHT) and Braemar Hotels & Resorts (NYSE: BHR). All three companies applied for funds from the Paycheck Protection Program ("PPP") under the 2020 CARES Act. Here are the facts related to our participation in the portion of the program that was specifically designed to support larger hotel ownership companies and their employees.

- The COVID-19 epidemic has been devastating to our company and employees. We have been in the hospitality business for decades and have never experienced anything as destructive to our industry. The impact is larger than 9/11 and the 2008 Financial Crisis combined. It took at least five years for the hotel industry to recover after those crises.
- Hotel occupancy rates in the US have dropped by as much as 90%, with many hotels closed. The hotel industry has been one of the hardest hit sectors by this disaster.
- At AHT and BHR, we have closed approximately 32 of our 130 hotels. Closed hotels continue to incur costs that require funding. Our hotels that remain open are operating with cash flow shortfalls even before debt service and also require funding.
- Since the middle of March, our hotel properties and companies furloughed or laid off over 90% of our workforce as government shelter-in-place and travel restrictions virtually eliminated all of our business activity. Our employees are our friends and many are like family, making these actions extraordinarily painful for our company.
- Because we are in a national crisis that is affecting everyone, we are taking in first responders, doctors, nurses, the homeless, and even patients in order to help in every way we can in the communities where we operate.
- All senior executives and Board Directors in our companies have taken significant pay reductions, and we've reduced annualized G&A expenses by approximately 25% across all three companies.
- AHT and BHR stopped paying dividends on common shares for the first quarter of this year. AINC has never paid a common stock dividend.
- AHT and BHR paid first quarter 2020 preferred stock dividends. Preferred stock dividends that are not paid accrue and are due later. At the time the first quarter preferred stock dividends were declared, it was unclear how bad things were going to get in the hotel industry, and we also believed it was important to stay current on our REIT preferred stock dividends to support the future

success of our previously announced non-traded preferred stock securities platform so that we can raise fresh capital (which is now much needed). AINC only paid half of its first quarter 2020 preferred stock dividends.

- Our Chairman owns a significant amount of common stock in the companies where dividends were fully cut, and a large portion of the AINC preferred shares where dividends were cut in half. He does not own any AHT or BHR preferred shares where dividends were maintained.
- Subsequent to our dividend cuts and furloughs, the CARES Act was enacted to provide federal assistance to all businesses—large and small—negatively impacted by COVID-19. Congress chose to distribute the funds through the Small Business Administration, even though a portion of the program was designed for larger hotel owners.
- The CARES Act provides two funding programs: (1) PPP, and; (2) the Main Street Lending Program.
- Most hotel owners are not eligible for assistance under the Main Street Lending Program due to its leverage test requirements, as most U.S. hotels are financed with 50-75% loan-to-value mortgages.
- When it comes to the PPP, the CARES Act specifically provides funding for larger hotel companies and other companies (such as restaurants) that have NAICS codes starting with 72. All covered companies were encouraged to apply for PPP assistance for every affected location that had up to 500 employees. Under the program, 75% of the funds must be spent on payroll, with the remainder used to pay mortgage interest, rent, or utility expenses. We will of course abide by all these restrictions.
- Without the PPP program, no other programs exist to help larger hotel ownership companies survive the crisis and bring their employees back to work. We believe it is just as important to bring employees back to work at larger companies like AHT and BHR as it is at smaller companies.
- Our companies have applied for \$126 million in PPP loan assistance. We are grateful for the PPP proceeds and will use the funds to protect jobs, as the legislation intended.
- A provision in the PPP allows for part or all of the loan to be forgiven. As of now, it appears that we will only minimally qualify, and we will have to pay the balance back when it is due in 2 years.
- The PPP proceeds are crucial for the stabilization of our business, and they make up a significant portion of our (now much less valuable) companies. The PPP loans would equate to 115% of AHT's equity market capitalization, 42% of BHR's equity market capitalization, and 91% of AINC's equity market capitalization. While our companies are public, they are not "large public companies".

- Although our companies are publicly listed, they do not have access to this volume of emergency funding from the capital markets that we believe we need during this crisis due to their relatively small market capitalizations.
- Total PPP funding for the hotel industry accounts for less than 3% of the PPP fund's initial budget of \$350B, and roughly 1.5% of the fund's total budget today. Our companies have not crowded out smaller businesses from receiving funds, as some media reports have suggested. The PPP program was specifically intended for companies like ours.
- We plan to keep all funds received under the PPP, which were provided as a result of the application process and other specific requirements established for our industry by Congress. Rules established by the Small Business Administration require companies like ours to determine by May 7 whether we still qualify for the PPP funds. Any funds for which we are determined to be not qualified will be returned according to the requirements of the program.
- We work for our shareholders and we care deeply about our employees, their families, and their communities where we operate. We are grateful for the opportunity PPP funds provide to help our companies stabilize and bring our employees back to work.
- Most hotels are not managed by the same company that owns the hotel. Some companies tend to specialize in ownership and others specialize in management (*e.g.* Marriott, Hilton, Hyatt, and third party hotel managers such as AINC's subsidiary, Remington). AHT and BHR are ownership companies and, while they technically have no employees, they reimburse the management companies for all employee-related costs. Under the CARES Act, ownership companies can consider personnel at their hotels as employees of the ownership entity since they are ultimately responsible for the salaries of the employees. In this case, the managers are not eligible to apply for PPP to cover these employee costs. Under the requirements under the CARES Act, our companies have carefully managed our PPP applications to guarantee against "double-dipping."
- Similar to many other hotel owners that we are aware of including individuals, private equity groups, and other public companies, AHT, BHR and AINC applied for PPP assistance in accordance with government requirements intended for all hotel ownership companies, both large and small.
- We are working daily with our various lenders to arrange mutually agreeable payment solutions so we can meet our obligations to them, our shareholders, employees, and all other stakeholders.
- Media concerns over our receipt of PPP funds are misplaced. The PPP program was specifically designed to help companies like ours as part of the national objective of shoring up businesses and getting people back to work. We do intend to use the PPP funds to do our part.

- Our singular focus is to get back to the business of hosting guests at our hotels and helping the nearly 14,000 employees who work at our 130 hotels and related businesses return to work as the economy emerges from this terrible crisis.