

RESULTS OF OPERATIONS

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

The following table summarizes changes in key line items from our consolidated statements of operations for the years ended December 31, 2023 and 2022 (in thousands except percentages):

	Year Ended December 31,		Favorable (Unfavorable)	
	2023	2022	\$ Change	Change
Revenue				
Rooms	\$ 464,899	\$ 431,515	\$ 33,384	7.7 %
Food and beverage	185,331	159,241	26,090	16.4
Other	89,113	78,829	10,284	13.0
Total hotel revenue	739,343	669,585	69,758	10.4
Expenses				
Hotel operating expenses:				
Rooms	105,439	94,410	(11,029)	(11.7)
Food and beverage	144,544	125,555	(18,989)	(15.1)
Other expenses	227,913	205,373	(22,540)	(11.0)
Management fees	23,261	20,149	(3,112)	(15.4)
Total hotel operating expenses	501,157	445,487	(55,670)	(12.5)
Property taxes, insurance and other	38,629	30,766	(7,863)	(25.6)
Depreciation and amortization	93,272	78,122	(15,150)	(19.4)
Advisory services fee	31,089	28,847	(2,242)	(7.8)
(Gain) loss on legal settlements	—	(114)	(114)	(100.0)
Corporate general and administrative	13,523	18,084	4,561	25.2
Total expenses	677,670	601,192	(76,478)	(12.7)
Operating income (loss)	61,673	68,393	(6,720)	(9.8)
Equity in earnings (loss) of unconsolidated entity	(253)	(328)	75	22.9
Interest income	6,401	2,677	3,724	139.1
Other income (expense)	293	—	293	
Interest expense and amortization of discounts and loan costs	(94,219)	(52,166)	(42,053)	(80.6)
Write-off of loan costs and exit fees	(3,489)	(146)	(3,343)	(2,289.7)
Gain (loss) on extinguishment of debt	2,318	—	2,318	
Realized and unrealized gain (loss) on derivatives	(663)	4,961	(5,624)	(113.4)
Income (loss) before income taxes	(27,939)	23,391	(51,330)	(219.4)
Income tax (expense) benefit	(2,689)	(4,043)	1,354	33.5
Net income (loss)	(30,628)	19,348	(49,976)	(258.3)
(Income) loss attributable to noncontrolling interest in consolidated entities	(1,619)	(2,063)	444	21.5
Net (income) loss attributable to redeemable noncontrolling interests in operating partnership	5,230	476	4,754	998.7
Net income (loss) attributable to the Company	<u>\$ (27,017)</u>	<u>\$ 17,761</u>	<u>\$ (44,778)</u>	<u>(252.1)%</u>

All hotel properties owned for the years ended December 31, 2023 and 2022 have been included in our results of operations during the respective periods in which they were owned. Based on when a hotel property was acquired or disposed of operating results for certain hotel properties are not comparable for the years ended December 31, 2023 and 2022. The hotel properties listed below are not comparable hotel properties for the periods indicated and all other hotel properties are considered comparable hotel properties. The following acquisitions affect reporting comparability related to our consolidated financial statements:

Hotel Property	Location	Type	Date
The Ritz-Carlton Reserve Dorado Beach	Dorado, Puerto Rico	Acquisition	March 11, 2022
Four Seasons Resort Scottsdale	Scottsdale, Arizona	Acquisition	December 1, 2022