



NET ASSET VALUE FREQUENTLY ASKED QUESTIONS

Q: What is the Net Asset Value (“NAV”) for common shareholders of Watermark Lodging Trust (“WLT”)?

A: The estimated NAV per share as of September 30, 2020 was \$5.51 per Class A common share and \$5.45 per Class T common share.

Q: What was the prior NAV for WLT shareholders?

A: The prior NAV for WLT Class A and Class T common shareholders was \$11.41 per share as of December 31, 2018; The current NAV represents a decrease of \$5.90 or 52% per Class A share and \$5.96 or 52% per Class T share.

Q: What were the main contributors to the decrease in NAV from the prior estimate?

A: The primary factor contributing to the decrease in our NAV per share is the impact of the COVID-19 pandemic on the hotel portfolio, including the resulting 2020 operating losses and decrease in hotel appraised values. While the COVID-19 pandemic has had a significant impact on our 2020 NAV, we do believe in the recovery of the U.S. Lodging industry over time and the resiliency of our high-quality portfolio.

Q: What was the impact of the decrease in hotel appraised values on the NAV?

A: The independent third-party appraiser estimated the value of our hotel portfolio to be approximately 20% below the prior valuation as of December 31, 2018 plus capital expenditures incurred after the prior valuation date. The 20% change in estimated asset values represents approximately 70% of the total decrease in the estimated NAV per share compared to the prior estimated NAV per share.

Q: What was the dilutive impact of the strategic financing closed in July 2020 on the NAV?

A: In conjunction with the strategic financing closed in July 2020, WLT issued warrants exercisable for Class A OP units that represent 6.75% of WLT's total outstanding common stock on a fully diluted basis. We have assumed that these Class A OP Units would be redeemed for shares of WLT's Class A common stock; therefore, they are included in the number of shares outstanding for purposes of determining the estimated NAV per share. The impact of the warrants plus the transaction costs associated with the strategic financing represent approximately 7.5% of the total decrease in the estimated NAV per share compared to the prior estimated NAV per share.

Q: What was the prior NAV for Carey Watermark Investors 1 Incorporated (“CWI 1”)?

A: CWI 1's last disclosed NAV per share was \$10.39 as of December 31, 2018. As part of the merger with Carey Watermark Investors 2 Incorporated (“CWI 2”) which was then renamed to Watermark Lodging Trust, CWI 1 shareholders exchanged their shares at an exchange ratio of .9106x for WLT Class A shares with a NAV of \$11.41. The September 30, 2020 NAV of \$5.51 for WLT Class A shares represents a decrease of \$5.90 or 52% from \$11.41.

Q: Why do Class A and Class T shareholders have different NAVs per share?

A: The Class T NAV is reduced by the accrued distribution and shareholder servicing fee (“DSS fee”) that applies to those shares. Class T shares had a lower initial purchase price because a portion of the selling commissions is paid over time, whereas the full selling commissions were paid up front on the purchase of Class A shares. In prior years the DSS fee was deducted from the dividend rate of Class T shares but due to the suspension of distributions in 2020 the DSS fee liability that has accrued during 2020 has reduced the Class T NAV.

Q: How was the estimated NAV determined?

A: The estimated NAV was based, in part, on independent third-party valuations of our assets and mortgage debt by CBRE Hotels and Robert A. Stanger, respectively. The methodology utilized to estimate the NAV is consistent with prior CWI 1 and CWI 2 NAVs and conforms to the Investment Program Association's (IPA) Practice Guidelines for Valuations of Publicly Registered Non-Listed REITs. For additional information regarding the calculation of the NAV, please see the Form 8-K filed by WLT with the Securities and Exchange Commission on November 19, 2020 at www.watermarklodging.com or www.sec.gov

Q: How was the estimated NAV communicated to shareholders?

A: An Investor Letter dated November 19, 2020 was mailed to investors, which provided a business update and communicated the updated NAV. A copy of the Investor Letter is also available on the WLT website ([Link](#)).

Q: When will the updated estimated NAV be reflected on investor statements and online accounts?

A: The updated estimate NAV per share for Class A and Class T will be reflected on investor statements starting with the October 16, 2020 – January 15, 2021 statement which is anticipated to be mailed in mid-January 2021. Investor online accounts on our transfer agent's web portal, as well as DST's Vision platform for financial advisors began reflecting the updated NAV per share on November 20, 2020.

Q: How will the updated NAV effect shareholders?

A: We would use the new NAVs as the basis for pricing share redemptions and issuances through DRIP, although both of those activities have been largely suspended for the time being. Any qualifying special circumstance redemptions that are approved in December by the Board of Directors would be priced at 95% of NAV.

Q: When will WLT release the next update to NAV?

A: WLT anticipates releasing an updated NAV in the next calendar year (2021) but may extend out to the filing of the 2021 10-K financial statement in early 2022.

Q: Who can I contact with additional questions?

A: For questions regarding company and portfolio updates, please contact WLT Investor Relations at 1(855) WLT REIT (958-7348) or IR@watermarklodging.com. For account support and maintenance items, please call WLT's transfer agent DST Systems, Inc. at 1(833) 219-2522.