

March 15, 2021

Dear Fellow Shareholder,

As we begin 2021, I want to wish you and those close to you continued good health and safety during these unprecedented times.

Due to the impacts of the COVID-19 pandemic, this past year was a challenging one for both the broader travel and lodging industries and our company. Given the historic declines in lodging demand, we were forced to make drastic changes to our business strategy and operating models. While our industry remains in what can only be described as a crisis, I am proud of the many accomplishments that our team achieved over the past year and the position in which these steps place our company today.

### **2020 Recap**

On March 12, 2021, we released our full-year 2020 results. A link to the entire SEC filing is available on our website for your review. Our financial report shows the severe impact the pandemic had on our financial performance and highlights the efforts that we took throughout the year to enhance our liquidity and strengthen our balance sheet. To briefly summarize the more significant developments:

- The completion of the merger of CWI 1 and CWI 2 in April provided a simplified structure with significant cost savings and greater financial flexibility that proved critical in weathering this crisis.
- After closing more than 50% of our hotels at the beginning of the pandemic, we re-opened all but one of our properties, which is anticipated to re-open in the second quarter of 2021.
- In response to the most significant revenue decline in the history of the industry and through the re-engineering of property operating models, we successfully reduced our hotel cash burn rate by over 70%.
- Our team was proactive and aggressive in negotiations with our lenders, completing 25 loan modifications allowing us, among other benefits, to defer scheduled debt service payments. Additionally, we completed 7 loan refinancings or extensions, including one in early 2021, resolving loan maturities and lengthening our debt maturity schedule.
- To further enhance our liquidity position, we took several decisive steps. We executed a strategic financing transaction that provides up to \$450 million of new equity capital, we completed the sale of two properties which generated \$35 million in net proceeds, we significantly reduced corporate expenses and we suspended dividends and redemptions of shares.

By proactively pivoting to lower costs, preserve capital, restructure debt and raise equity capital, we believe that we have sufficient liquidity to meet our obligations and that our portfolio of leading properties is well positioned for the expected industry recovery.

## Looking Ahead

After suffering historic lows in 2020, the U.S. lodging industry is exhibiting very early signs of coming demand growth. The leisure customer was our most prevalent in 2020, and with declining COVID-19 case counts, the arrival of vaccinations and the easing of some travel restrictions in early 2021, leisure demand is improving. Our drive-to-resorts have been and continue to be the best performing property type in our portfolio.

While 2021 has opened with signs of “green shoots” and there is strong evidence of a desire to travel, not all demand segments will return at the same pace. The timing and pace of the return of business and group travel will depend on many variables including widespread vaccine distribution, corporate travel policies, lifting of government mandated travel and meeting restrictions, and the re-opening of convention centers. A return of demand to pre-pandemic performance will likely take a number of years.

We have challenges to overcome but we continue to believe in the resiliency of our high-quality portfolio and our ability to recover to industry outperformance over time.

## Investor Relations Initiatives

This new year also brings new initiatives to enhance our shareholder communications. We recently launched a refreshed website with an updated look and feel to communicate information regarding Watermark Lodging Trust more effectively, as a self-managed company following the merger of CWI 1 and CWI 2 last April. As part of this effort, we have expanded the Investor Relations section of our website to be the “Go-To-Hub” for all the latest WLT information. There you will find future investor letters, webcasts presentations, a link to your online account portal and various account maintenance forms. You can also subscribe to email alerts to receive quarterly WLT updates. We believe these enhancements will improve our shareholder communication and provide additional clarity into our financial performance and business. I invite you to explore the new website at: [www.watermarklodging.com](http://www.watermarklodging.com).

In closing, we believe that the actions we took in 2020 and continue to take this year in response to the COVID-19 pandemic, along with the quality and composition of our portfolio, position us well to benefit when lodging demand returns. Our Board and management team remain committed to the hard work that still lies ahead as we continue to mitigate the impact that the pandemic has had on our business. As always, we thank you for your ongoing confidence and support.

With best regards,



Michael G. Medzigian  
Chairman and Chief Executive Officer