WLT WATERMARK LODGING TRUST

November 15, 2021

Dear Fellow Shareholder,

On November 12, 2021, we released our third quarter 2021 results, which I welcome you to review. A link to the SEC filing is available on our website. Our hotel operating performance and financial results demonstrate that, while the rise of the Delta COVID-19 variant during the quarter temporarily slowed the rate of the lodging industry recovery, our portfolio continues to make significant progress to stabilize from historic 2020 lows. To briefly highlight the more significant operating and financial results from the third quarter:

- Occupancy and Revenue per Available Room (RevPAR) for our Comparable Consolidated Hotels was 61% and $165, respectively, which were the highest since the onset of the pandemic, but remained 20% and 14% below 2019 pre-pandemic levels, respectively.

- Consolidated hotel revenues less hotel operating expenses (excluding depreciation and amortization) was $53.6 million in the third quarter, which represents a quarter-over-quarter increase of almost 50%.

- Modified Funds From Operations (MFFO), which includes the impact of interest expense and corporate overhead, was $18.2 million for the third quarter – the first positive quarterly MFFO since the fourth quarter of 2019.

We continue to make progress on several initiatives to better align our portfolio with our long-term strategy and to further position the Company for an eventual shareholder liquidity event. We completed the sale of the Westin Minneapolis, a non-core asset located in a market that is anticipated to have a longer recovery than the majority of our portfolio. Additionally, we purchased our joint venture partner's 30% interest in the Ritz-Carlton Fort Lauderdale. This was a unique opportunity to consolidate our ownership of the property and fully-own a luxury beach hotel in a highly sought out market and state on a favorable financial basis. We believe this acquisition further enhances our portfolio quality and earnings power while adding to shareholder value and providing additional balance sheet flexibility.

While we are encouraged by our recent operating performance, we remain cautious as we enter this next stage of the lodging industry recovery. Travel demand segments, leisure vs. business vs. group, are likely to continue to have unique recovery patterns, and industry challenges with labor, supply chain, inflation, government restrictions and vaccine mandates are causing additional headwinds. We anticipate these challenges, among others, will impact the traditional hotel operating model and force the industry to continue to adapt and adjust over the coming quarters.

Currently, our common shareholder distributions and the shareholder redemption plan, including special circumstance redemptions, remain closed due to the impact the COVID-19 pandemic has had on our business. We continue to monitor these programs as our portfolio recovers but several milestones will need to be reached before either can be restored. We will need to return to profitability with our portfolio producing cashflows sufficient to cover hotel operations, debt service and corporate overhead. We will also need to address our balance sheet by re-establishing adequate working capital reserves that were depleted during the pandemic as well as resolve upcoming mortgage maturities that may require equity contributions. Finally, common dividends or redemptions are subordinate to Series A and Series B preferred stock. We believe the continued suspension of distributions and redemptions are required to provide sufficient cashflow for operations and repair our balance sheet while we navigate the lodging industry recovery.

As mentioned in last quarter's letter, we plan to calculate our next Net Asset Value per share or "NAV" as of December 31, 2021 and release it in conjunction with our Form 10-K filing in early 2022. As always, the NAV calculation will adhere to the IPA practice guidelines and remain consistent with all our previous NAV disclosures including the use of third-party appraisal firms to estimate the fair value of our hotel assets and mortgage debt. Due to the reliance on appraised values, our NAV recovery will likely not mirror publicly traded lodging REIT stock price trends as they are based on different valuation models.

In closing, we are encouraged by the recovery our portfolio has made thus far in 2021 and the agility of our operating teams to constantly adapt to significant, and ongoing, challenges. While the Delta variant temporarily slowed our momentum in the third quarter, lodging industry demand has stabilized and begun to regain traction in recent weeks. We remain confident in our path to recovery and are committed to drive shareholder value. As always, we thank you for your ongoing confidence and support.

With best regards,

Michael G. Medzigian
Chairman and Chief Executive Officer