WATERMARK LODGING TRUST

November 19, 2020

Dear Fellow Shareholder,

I hope that you and those close to you have remained safe and healthy during these unprecedented times.

As mentioned in past communications, the COVID-19 pandemic has presented a challenging environment for the U.S. lodging industry and our business. While the industry continues to slowly rebound following historic lows in April, full recovery to 2019 performance may take years to achieve. As anticipated, different segments within the travel industry are returning at different paces. The transient leisure customer has begun traveling again after months of being homebound, while group and business travel will likely not return in any meaningful way until a vaccine becomes widely available.

Our team remains focused on best positioning the hotels within our portfolio to capture the demand that currently exists. After temporarily suspending operations at 17 hotels earlier in the year, we have reopened all but one of our properties. Many of our drive-to-resorts have benefited from pent-up leisure demand, both during the more traditional summer travel season and also continuing after Labor Day, as so many are now working remotely and have added flexibility. We continue to creatively explore new sources of business by introducing several new initiatives, including "office away from home" options and virtual classroom packages for families with children.

While there have been bright spots in our portfolio, overall, this remains an extremely challenging operating environment and that will continue for some time. For example, not all our hotels have been able to take advantage of drive-to demand due to a myriad of changing government restrictions, including capacity limitations and restrictions on leisure travelers. Additionally, many of our hotels in urban markets that typically rely on group or business bookings have experienced significant weakness due to closure of convention centers and cancelation of large citywide events. Finally, the nature of the pandemic has resulted in a more pronounced short-term impact to Luxury and Upper Upscale hotels such as those in our portfolio as compared with the Economy segment. While we have many obstacles to overcome, we still believe in the resiliency of our high-quality portfolio and the ability to recover to our pre-COVID industry outperformance over time.

We have worked diligently to enhance our liquidity and strengthen our balance sheet through a number of actions including:

- closed two asset dispositions, Hutton Hotel and Lake Arrowhead Resort, to secure near-term liquidity and resolve two near-term mortgage maturities;
- completed a strategic financing transaction that provides us with up to $450 million of new equity capital;
- executed loan modifications or refinanced 25 of our 31 mortgage loans; and

- maintained the suspension of regular redemptions and common shareholder distributions and, in addition, the Board of Directors recently approved the suspension of special circumstance redemptions effective December 2, 2020. Qualifying special circumstance redemption requests received prior to the suspension effective date will be reviewed by the Board of Directors in December and, if approved, such redemptions will be priced at 95% of NAV.

Today we announced our first estimated Net Asset Value ("NAV") per share since the closing of the merger of Carey Watermark Investors 1 Incorporated ("CWI 1") and Carey Watermark Investors 2 Incorporated ("CWI 2"). The WLT estimated NAV as of September 30, 2020 is $5.51 per Class A share and $5.45 per Class T share. This represents approximately a 52% decrease from the prior NAV per share of $11.41 as of December 31, 2018 for both Class A and Class T shares. 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.

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 us with the Securities and Exchange Commission on November 19, 2020 at www.watermarklodging.com or www.sec.gov.

While not unexpected given the effects of the COVID-19 pandemic on our industry, WLT's decrease in NAV and continued suspension of quarterly dividends is consistent with the impact on, and actions by, publicly traded full-service lodging REITs facing the same industry challenges as we are. With that said, we do believe that with the decisive actions that we have taken in response to the pandemic and the quality and composition of our portfolio, we are well positioned to benefit when demand returns. You have the commitment of our Board and management team to the hard work that lies ahead as we mitigate the impact that the COVID-19 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