



2016 Q1 Earnings Call Summary  
April 26, 2016 9:00 AM ET

# Important Disclosure Information

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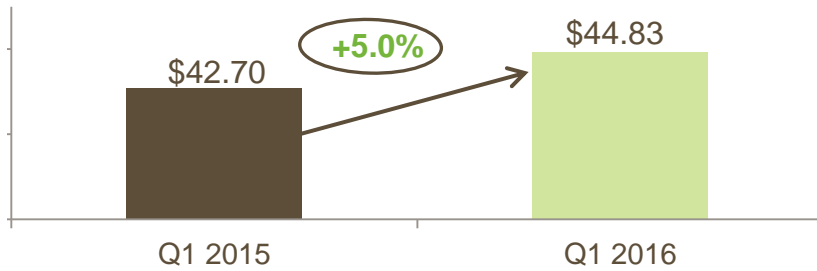
This presentation contains forward-looking statements within the meaning of the federal securities laws. Statements related to, among other things, future financial performance, including our 2016 outlook, expected performance, free cash flow, debt reduction, distribution growth, and growth opportunities as such, involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results or performance to differ from those projected in the forward-looking statements, possibly materially. For a description of factors that may cause the Company's actual results or performance to differ from future results or performance implied by forward-looking statements, please review the information under the headings "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors" included in the combined annual report on Form 10-K of Extended Stay America, Inc. and ESH Hospitality, Inc. (collectively, the "Company") filed with the SEC on February 23, 2016 and other documents of the Company on file with or furnished to the SEC. Any forward-looking statements made in this presentation are qualified by these cautionary statements, and there can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized, will have the expected consequences to, or effects on, the Company, its business or operations. Except as required by law, the Company undertakes no obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future developments or otherwise. We caution you that actual outcomes and results may differ materially from what is expressed, implied or forecasted by the Company's forward-looking statements.

This presentation includes certain non-GAAP financial measures, including EBITDA, Adjusted EBITDA, Hotel Operating Profit and Hotel Operating Margin. These non-GAAP financial measures should be considered only as supplemental to, and not as superior to, financial measures prepared in accordance with U.S. GAAP. Please refer to the Appendix of this presentation for a reconciliation of these non-GAAP financial measures to the most directly comparable financial measures prepared in accordance with U.S. GAAP.

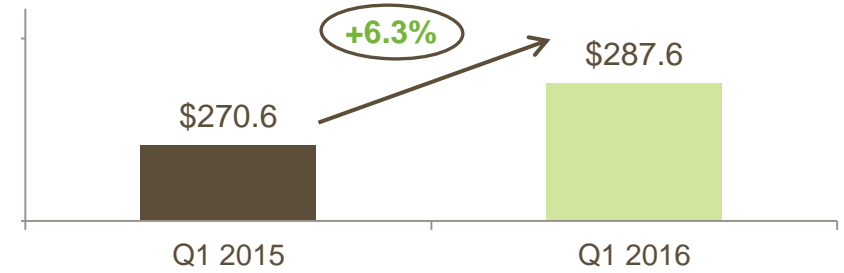
# Q1 2016 Comparable Hotel<sup>1</sup> Highlights



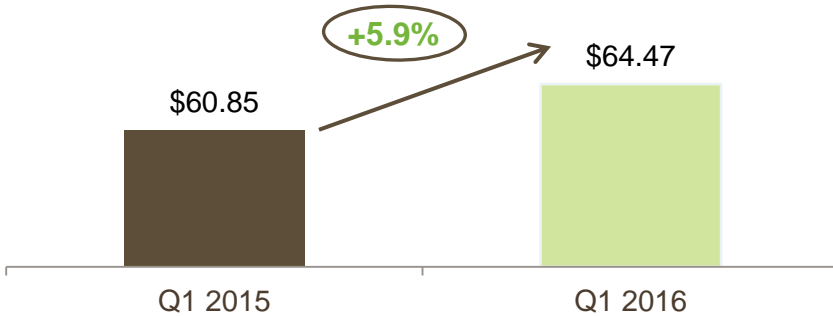
## Revenue Per Available Room ("RevPAR")



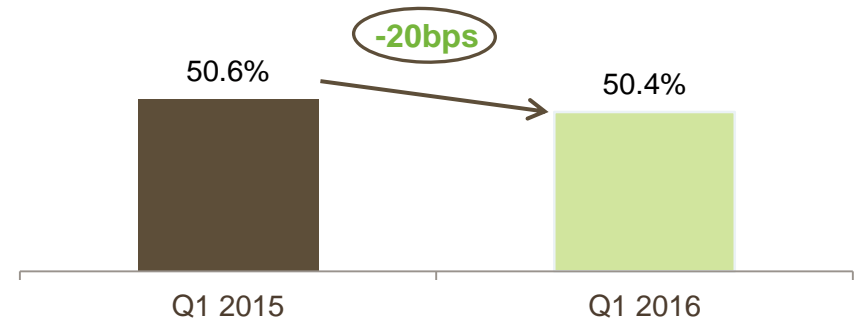
## Total Revenues



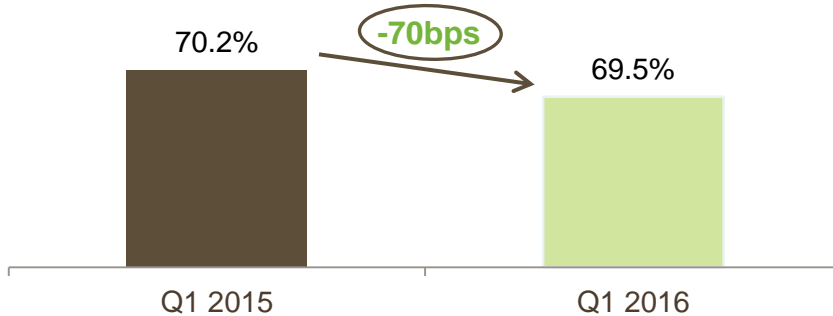
## Average Daily Rate ("ADR")



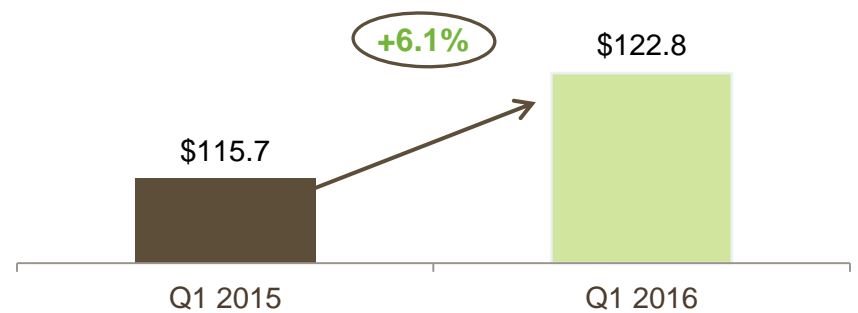
## Hotel Operating Margin<sup>2</sup> (%)



## Occupancy (%)



## Adjusted EBITDA<sup>2</sup> (millions)

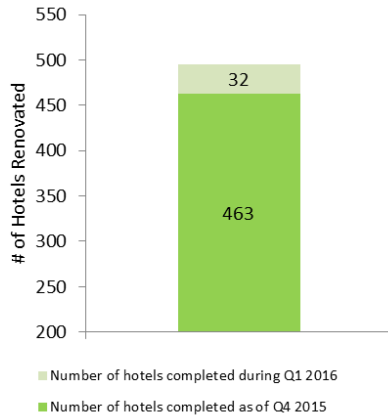


<sup>1</sup>Comparable Hotels include the results of 629 Extended Stay America and Extended Stay Canada-branded hotels owned and operated for both the three months ended March 31, 2016 and 2015.

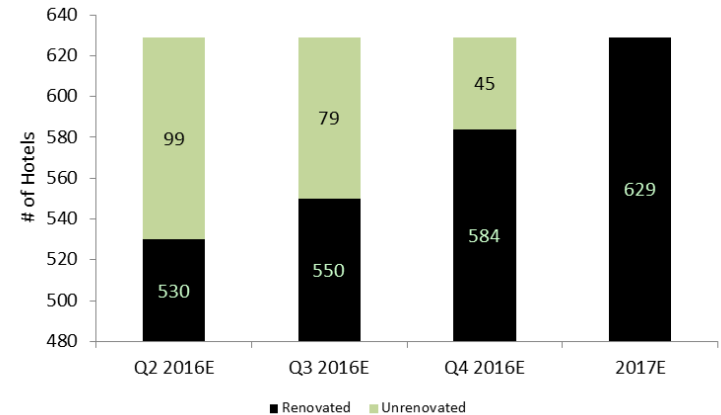
<sup>2</sup>See Appendix for Hotel Operating Margin and Adjusted EBITDA reconciliations.

*Remain on track to complete renovation of all remaining ESA properties by early 2017*

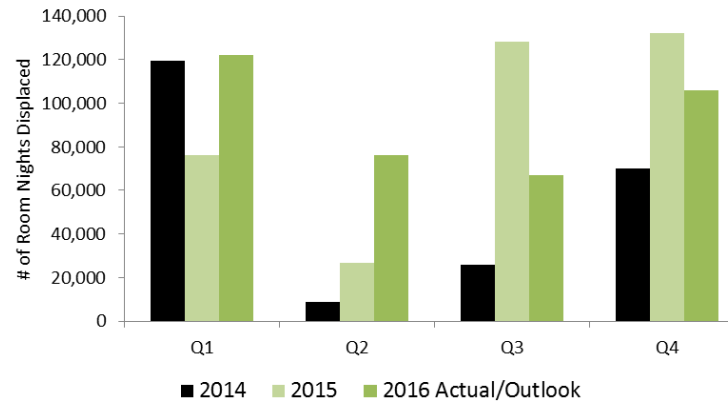
## 495 Completed Renovations at end of Q1 2016



## Expected Renovation Timeline<sup>1</sup>



## Renovation Room Night Displacement Outlook<sup>2</sup>



<sup>1</sup>Status at end of quarter.

<sup>2</sup>Room nights removed or expected to be removed from inventory due to renovation during the quarter.

# Segmentation & Channel Data



## Length of Stay Revenue Mix

	Q1 2015	Q1 2016
1-6 nights %	32%	35%
7-29 nights %	25%	23%
30+ nights %	43%	42%

## Q1 2016 Comparable Hotel RevPAR Growth by Property Type

Property Status	RevPAR	ADR	Occupancy
Renovated <sup>1</sup>	6.0%	5.6%	+20 bps
Unrenovated <sup>2</sup>	6.2%	4.4%	+130 bps
Under Renovation <sup>3</sup>	-10.9%	8.6%	-1,210 bps
<b>Comparable Hotels<sup>4</sup></b>	<b>5.0%</b>	<b>5.9%</b>	<b>-70 bps</b>

## Channel Mix<sup>5</sup>

	Q1 2015	Q1 2016
Proprietary Channels	79%	77%
OTAs	15%	18%
Other	5%	5%

<sup>1</sup> Includes 463 renovated hotels as of 12/31/2015.

<sup>2</sup> Includes 110 unrenovated hotels owned as of 3/31/16.

<sup>3</sup> Includes 56 hotels under renovation at any point during Q1 2016.

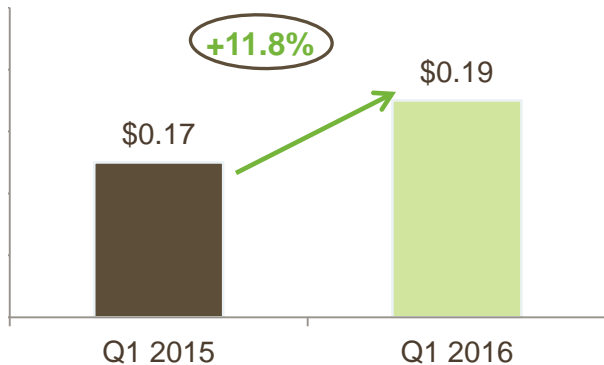
<sup>4</sup> Includes 629 hotels owned and operated during Q1 2016 and 2015.

<sup>5</sup> May not add to 100% due to rounding.

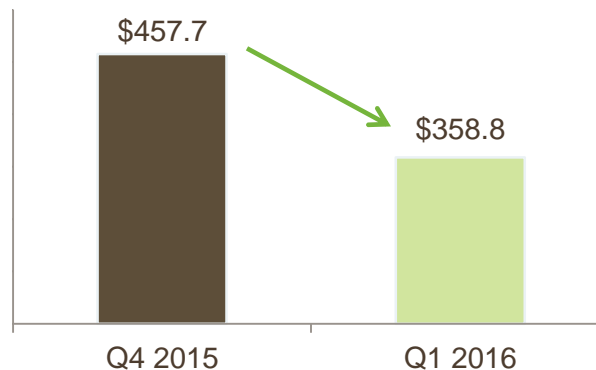
# Quarterly Distribution, Cash Balance and Net Debt Ratio



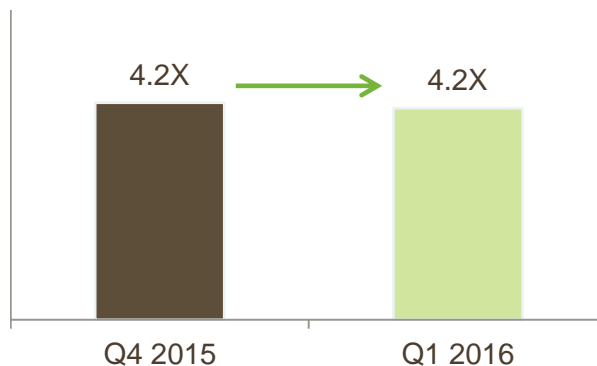
### Quarterly Distribution<sup>1</sup>



### Cash Balance (millions)<sup>2</sup>



### Adjusted Net Debt / TTM Adjusted EBITDA Ratio<sup>3</sup>



<sup>1</sup> Distribution dates of May 24, 2016 and May 28, 2015.

<sup>2</sup> Includes Unrestricted and Restricted Cash. Q1 2016 activity cash reflects special distribution paid in January, share repurchases and increased renovation capital expenditures due to renovations.

<sup>3</sup> Q4 2015 calculation is Adjusted Net Debt (Total Debt – (Total Cash – Declared Special Distribution)) to FY 2015 Comparable Hotel Adjusted EBITDA. Q1 2016 calculation is Net Debt (Total Debt – Total Cash) to TTM Comparable Hotel Adjusted EBITDA.

# Q1 2016 Actual Comparable Hotel Results and Full Year 2016 Outlook<sup>1</sup>



(In millions)	Q1 2016	
	Guidance <sup>2</sup>	Actual
Total Revenues	\$281 to 287	\$ 287.6
Adjusted EBITDA	\$118 to \$123	\$ 122.8

(In millions)	Q2 2015 Comparable Hotels	Q2 2016 Outlook <sup>1</sup>
Total Revenues	\$322	\$ 332 to \$ 338
Adjusted EBITDA	\$163	\$ 165 to \$ 170

(In millions)	Prior 2016 Outlook <sup>2</sup>		Updated 2016 Outlook <sup>1</sup>	
Total Revenues	\$ 1,266	to \$ 1,290	↔	\$ 1,266 to \$ 1,290
Adjusted EBITDA	\$ 600	\$ 620	↔	\$ 600 \$ 620
Depreciation and Amortization	\$ 220	\$ 215	↔	\$ 220 \$ 215
Net Interest Expense	\$ 140	\$ 135	↑	\$ 158 \$ 153
Effective Tax Rate	24.0%	23.0%	↓	23.5% 22.5%
Net Income	\$ 163	\$ 192	↓	\$ 151 \$ 180
Capital Expenditures	\$ 240	\$ 260	↔	\$ 240 \$ 260

<sup>1</sup>Outlook as of April 26, 2016.

<sup>2</sup>Guidance as of Q4 earnings call on February 23, 2016.

# APPENDIX



# Non-GAAP Reconciliation of Net Income to EBITDA and Comparable Hotel Adjusted EBITDA<sup>1</sup> For the Three Months Ended March 31, 2016 and 2015



(In thousands)  
(Unaudited)

	Three Months Ended March 31,	
	2016	2015
Net income	\$ 14,753	\$ 27,860
Interest expense, net	46,985	31,317
Income tax expense	2,896	8,974
Depreciation and amortization	53,308	49,183
EBITDA	117,942	117,334
Adjusted Property EBITDA of hotels not owned for entirety of periods presented	-	(7,132)
Non-cash equity-based compensation	2,680	2,116
Other non-operating (income) expense	(878)	1,765
Other expenses	3,055 <sup>(2)</sup>	1,643 <sup>(3)</sup>
Comparable Hotel Adjusted EBITDA	<u>\$ 122,799</u>	<u>\$ 115,726</u>
% growth	6.1%	

<sup>(1)</sup> Comparable Hotel Adjusted EBITDA includes the results of 629 Extended Stay America and Extended Stay Canada-branded hotels owned and operated for both the three months ended March 31, 2016 and 2015.

<sup>(2)</sup> Includes loss on disposal of assets of approximately \$2.9 million and transaction costs of approximately \$0.2 million due to the revision of an estimate related to the sale of 53 hotel properties.

<sup>(3)</sup> Includes loss on disposal of assets of approximately \$1.6 million, \$0.1 million of which relates to the 53 hotels not owned for entirety of periods presented.

# Non-GAAP Reconciliation of Comparable Hotel Operating Profit and Hotel Operating Margin<sup>1</sup> for the Three Months Ended March 31, 2016 and 2015



(In thousands)  
(Unaudited)

	Three Months Ended		
	March 31,		
	2016	2015	% Variance
Room revenues	\$ 283,137	\$ 283,298	(0.1)%
Other hotel revenues	4,421	4,293	3.0%
Total revenues of hotels not owned for entirety of periods presented	-	(16,949)	(100.0)%
Comparable Hotel total revenues	287,558	270,642	6.3%
Hotel operating expenses <sup>(2)</sup>	142,664	143,421	(0.5)%
Hotel operating expenses of hotels not owned for entirety of periods presented	-	(9,817) <sup>(3)</sup>	(100.0)%
Comparable Hotel operating expenses	142,664	133,604	6.8%
Comparable Hotel Operating Profit	\$ 144,894	\$ 137,038	5.7%
Comparable Hotel Operating Margin	50.4%	50.6%	(20) bps

<sup>(1)</sup> Comparable Hotel Operating Profit and Comparable Hotel Operating Margin include the results of 629 Extended Stay America and Extended Stay Canada-branded hotels owned and operated for both the three months ended March 31, 2016 and 2015.

<sup>(2)</sup> Excludes loss on disposal of assets of approximately \$2.9 million and \$1.6 million, respectively.

<sup>(3)</sup> Excludes loss on disposal of assets of approximately \$0.1 million.