



2016 Q3 Earnings Release Summary

October 25, 2016

Important Disclosure Information



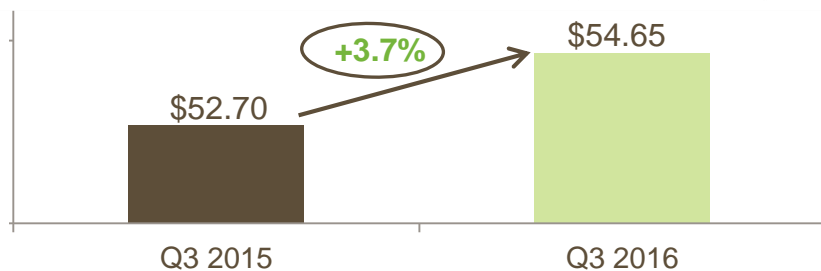
This presentation contains forward-looking statements within the meaning of the federal securities laws. Statements related to, among other things, future financial performance, including our 2016 outlook, the expected timing, completion and effects of any proposed disposals, expected performance, free cash flow, debt reduction, distribution growth and other 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.

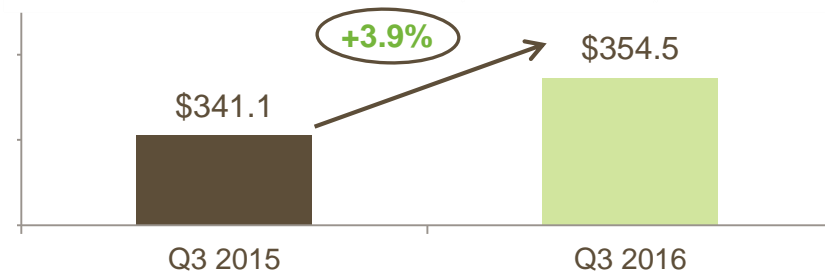
Q3 2016 Comparable Hotel¹ Highlights



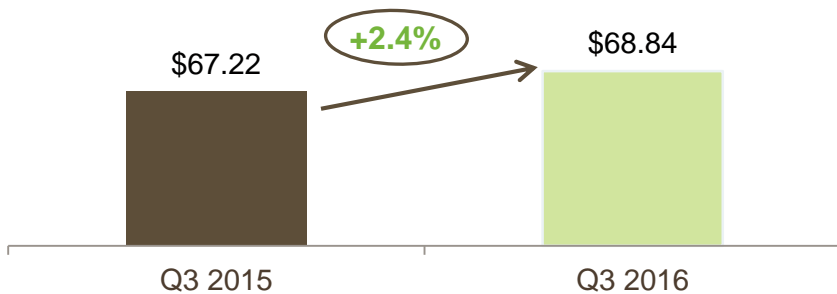
Revenue Per Available Room (“RevPAR”)



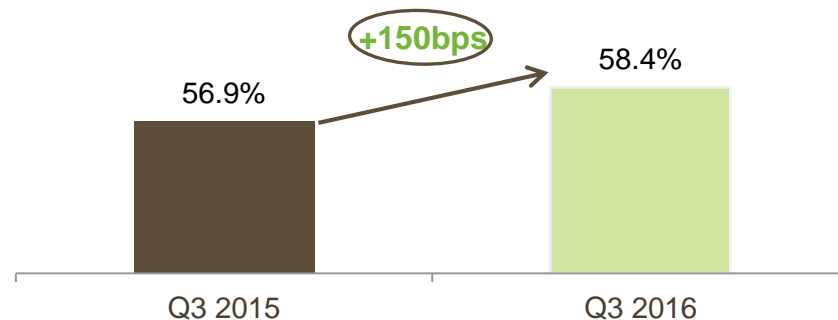
Total Revenues (in millions)



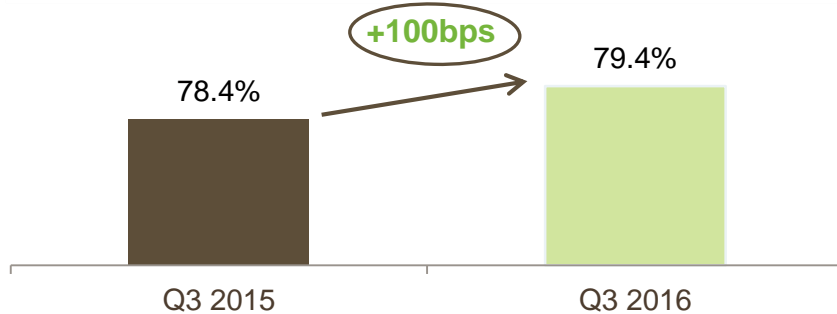
Average Daily Rate (“ADR”)



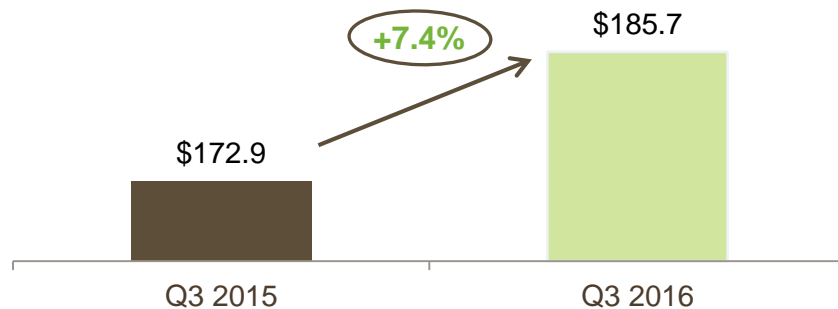
Hotel Operating Margin² (%)



Occupancy (%)



Adjusted EBITDA² (in millions)



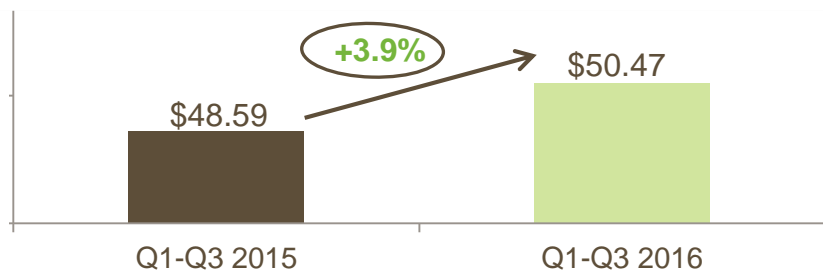
¹Comparable Hotels include the results of 629 Extended Stay America and Extended Stay Canada-branded hotels owned and operated for the three months ended September 30, 2016 and 2015.

²See Appendix for Hotel Operating Margin and Adjusted EBITDA reconciliations.

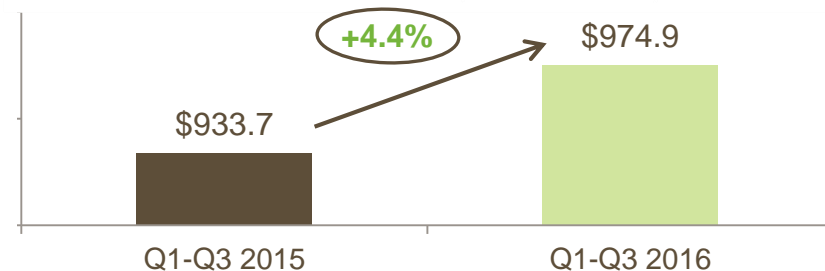
First Nine Months 2016 Comparable Hotel¹ Highlights



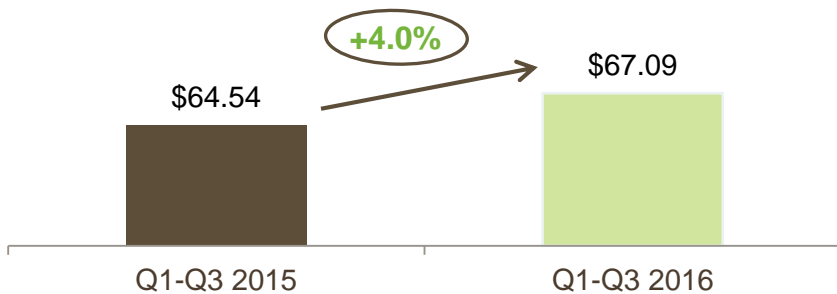
RevPAR



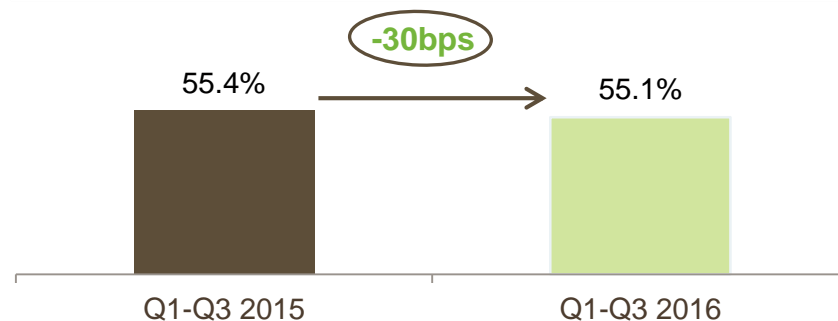
Total Revenues (in millions)



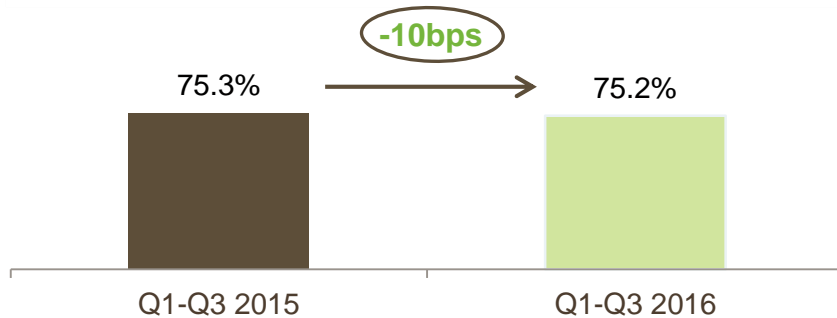
ADR



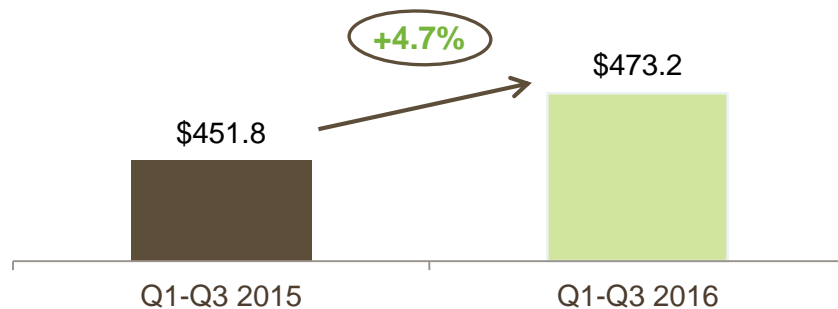
Hotel Operating Margin² (%)



Occupancy (%)



Adjusted EBITDA² (in millions)



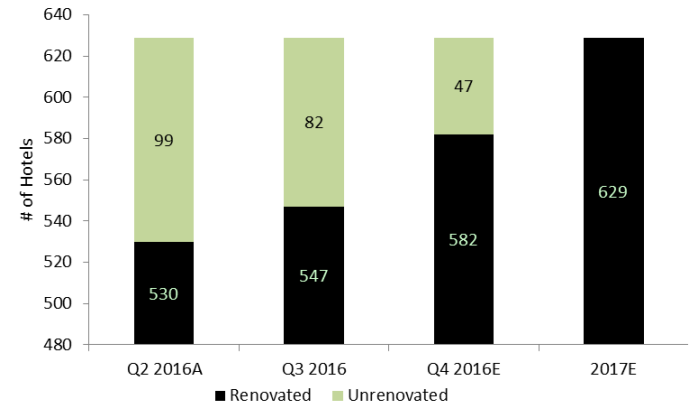
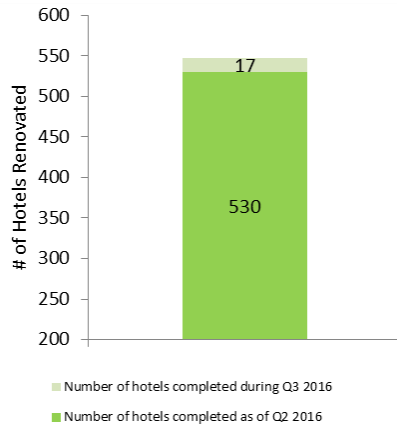
¹Comparable Hotels include the results of 629 Extended Stay America and Extended Stay Canada-branded hotels owned and operated for the nine months ended September 30, 2016 and 2015.

²See Appendix for Hotel Operating Margin and Adjusted EBITDA reconciliations.

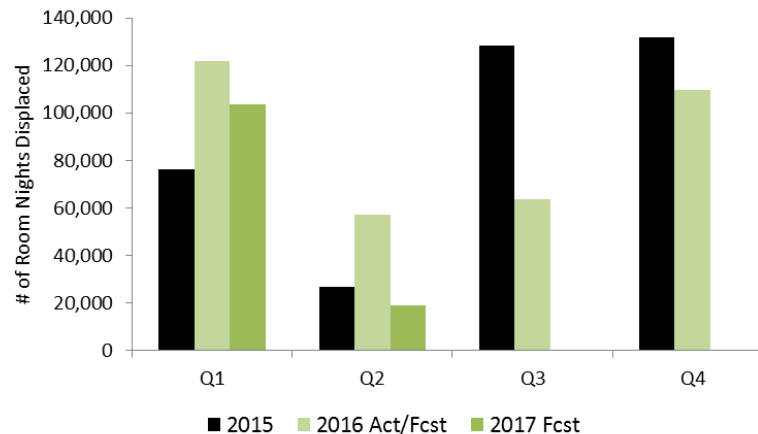
Remain on track to complete renovation of all remaining ESA properties in early 2017

547 Completed Renovations at end of Q3 2016

Renovation Timeline¹



Renovation Room Night Displacement Outlook²



¹Actual status or expected status at end of period.

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

Segmentation and Channel Data



Length of Stay Revenue Mix

	Q3 2015	Q3 2016
1-6 nights %	33%	36%
7-29 nights %	24%	23%
30+ nights %	44%	41%

Q3 2016 Comparable Hotel RevPAR Growth by Property Type

Status	RevPAR	ADR	Occupancy
Renovated ¹	4.5%	1.8%	210 bps
Unrenovated ²	0.8%	2.0%	(90) bps
Renovating ³	(6.8%)	6.4%	(960) bps
Total ⁴	3.7%	2.4%	100 bps

Channel Mix

	Q3 2015	Q3 2016
Proprietary Channels	79%	75%
OTAs	16%	20%
Other	5%	5%

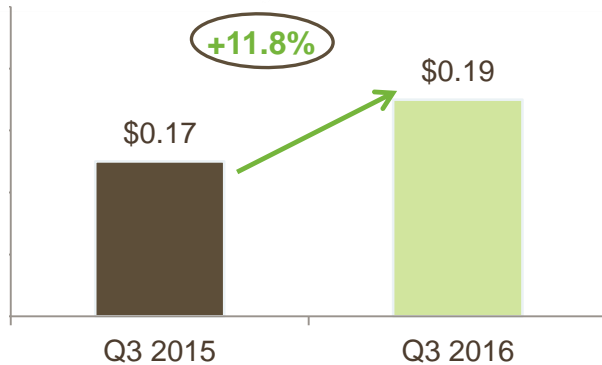
¹ Includes 530 renovated hotels as of 6/30/2016.

² Includes 51 unrenovated hotels owned as of 9/30/16.

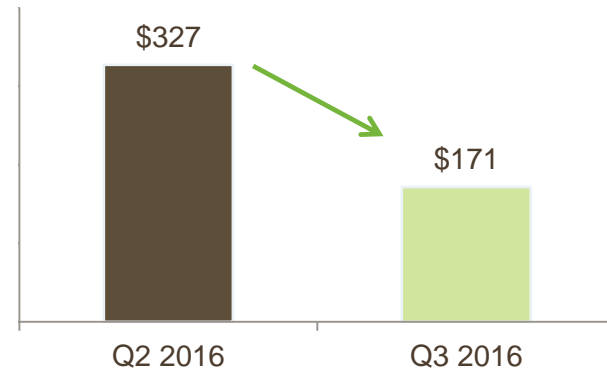
³ Includes 48 hotels under renovation at any point during Q3 2016.

⁴ Includes 629 hotels owned and operated as of September 30, 2016 and 2015.

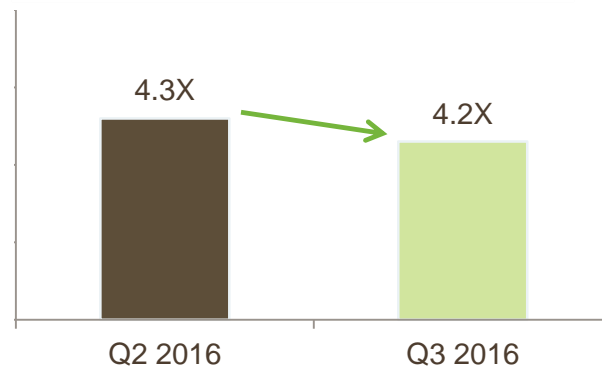
Quarterly Distribution¹



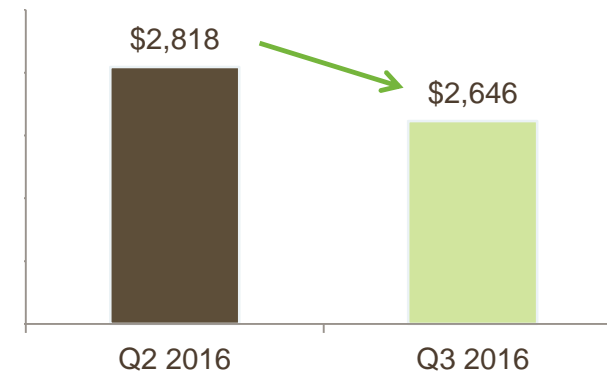
Cash Balance (millions)²



Adjusted Net Debt / TTM Adjusted EBITDA Ratio³



Debt Outstanding (millions)⁴



¹ Distribution dates of November 22, 2016 and November 24, 2015.

² Includes unrestricted and restricted cash.

³ Net debt calculation is (total debt – total cash) to TTM Comparable Hotel Adjusted EBITDA.

⁴ Includes unamortized deferred financing costs and debt discounts that totaled approximately \$58.3 million and \$50.0 million as of September 30, 2016 and June 30, 2016.

Q3 2016 Actual Results, Q4 2016 Outlook¹ and Full Year 2016 Outlook¹



(In millions)	Q3 2016	
	Guidance ²	Actual
Total Revenues	\$348 to \$355	\$ 354.5
Adjusted EBITDA	\$175 to \$182	\$ 185.7

(In millions)	Q4 2015 Comparable Hotel	Q4 2016 Outlook ¹
Total Revenues	\$284	\$ 286 to \$ 292
Adjusted EBITDA	\$122	\$ 128 to \$ 133

(In millions)	Prior 2016 Guidance ²			Updated 2016 Outlook ¹	
Total Revenues	\$ 1,257	to \$ 1,272	↔	\$ 1,261	to \$ 1,267
Net Income ³	\$ 162	\$ 188	↓	\$ 153	\$ 166
Adjusted EBITDA	\$ 595	\$ 610	↔	\$ 601	\$ 606
Depreciation and Amortization	\$ 220	\$ 215	↑	\$ 223	\$ 218
Net Interest Expense	\$ 158	\$ 153	↑	\$ 166	\$ 164
Effective Tax Rate	16.0%	15.0%	↑	18.5%	17.5%
Capital Expenditures	\$ 240	\$ 260	↓	\$ 220	\$ 235

¹Outlook as of October 25, 2016.

²Guidance as of Q2 earnings call on July 28, 2016.

³Excludes any potential gain / loss on asset sales.

Recent Financial Performance of the 3 Extended Stay Canada Hotels Under Contract



In US \$, unaudited	<u>Q1 2015</u>	<u>Q2 2015</u>	<u>Q3 2015</u>	<u>Q4 2015</u>	<u>Q1 2016</u>	<u>Q2 2016</u>	<u>Q3 2016</u>
Extended Stay Canada Total Revenues	\$ 2,240	\$ 2,829	\$ 3,374	\$ 2,457	\$ 2,022	\$ 2,854	\$ 3,582
Extended Stay Canada Hotel Operating Profit ¹	\$ 683	\$ 1,146	\$ 1,629	\$ 1,298	\$ 569	\$ 1,449	\$ 1,873
Extended Stay Canada Hotel Operating Margin	30.5%	40.5%	48.3%	52.8%	28.1%	50.8%	52.3%
Number of Extended Stay Canada hotels	3	3	3	3	3	3	3
Number of Extended Stay Canada rooms	500	500	500	500	500	500	500
Extended Stay Canada RevPAR	\$51.79	\$60.41	\$71.33	\$51.51	\$42.85	\$60.68	\$75.30

¹ Excludes loss (gain) on disposal of assets

APPENDIX

Non-GAAP Reconciliation of Net Income to EBITDA and Comparable Hotel Adjusted EBITDA¹ For the Three and Nine Months Ended September 30, 2016 and 2015



(In thousands)
(Unaudited)

Three Months Ended September 30,			Nine Months Ended September 30,	
2016	2015		2016	2015
\$ 57,065	\$ 58,225	Net income	\$ 133,204	\$ 150,890
48,713	35,157	Interest expense, net	131,462	101,975
15,867	21,293	Income tax expense	26,211	48,119
55,955	52,268	Depreciation and amortization	164,274	151,980
177,600	166,943	EBITDA	455,151	452,964
-	(8,511)	Adjusted Property EBITDA of hotels not owned for entirety of periods presented	-	(24,191)
3,016	3,021	Non-cash equity-based compensation	8,635	7,940
(305)	1,143	Other non-operating (income) expense	(1,069)	2,035
2,756	9,011	Impairment of long-lived assets	2,756	9,011
2,666 ⁽²⁾	1,290 ⁽³⁾	Other expenses	7,718 ⁽⁴⁾	4,034 ⁽⁵⁾
<u>\$ 185,733</u>	<u>\$ 172,897</u>	Comparable Hotel Adjusted EBITDA	<u>\$ 473,191</u>	<u>\$ 451,793</u>
7.4%		% growth	4.7%	

⁽¹⁾ Comparable Hotel Adjusted EBITDA includes the results of 629 Extended Stay America and Extended Stay Canada-branded hotels owned and operated for the three and nine months ended September 30, 2016 and 2015.

⁽²⁾ Includes loss on disposal of assets of approximately \$2.2 million and costs incurred in connection with the October 2016 secondary offering of approximately \$0.4 million.

⁽³⁾ Includes loss on disposal of assets of approximately \$1.3 million.

⁽⁴⁾ Includes loss on disposal of assets of approximately \$7.2 million, costs incurred in connection with the October 2016 secondary offering of approximately \$0.4 million and transaction costs of approximately \$0.1 million due to the revision of an estimate related to the sale of 53 hotel properties.

⁽⁵⁾ Includes loss on disposal of assets of approximately \$3.3 million, \$0.2 million of which relates to hotels not owned for entirety of periods presented, and costs incurred in connection with the preparation of the registration statement filed in June 2015 of approximately \$0.7 million.

Non-GAAP Reconciliation of Comparable Hotel Operating Profit and Comparable Hotel Operating Margin¹ for the Three and Nine Months Ended June 30, 2016 and 2015



(In thousands)
(Unaudited)

Three Months Ended September 30,				Nine Months Ended September 30,		
2016	2015	% Variance		2016	2015	% Variance
\$ 349,076	\$ 355,445	(1.8)%	Room revenues	\$ 960,046	\$ 974,127	(1.4)%
5,445	5,071	7.4%	Other hotel revenues	14,822	14,291	3.7%
-	(19,371)	(100.0)%	Total revenues of hotels not owned for entirety of periods presented	-	(54,748)	(100.0)%
354,521	341,145	3.9%	Comparable Hotel total revenues	974,868	933,670	4.4%
147,605	157,761	(6.4)%	Hotel operating expenses ⁽²⁾	437,242	447,217	(2.2)%
-	(10,860) ⁽³⁾	(100.0)%	Hotel operating expenses of hotels not owned for entirety of periods presented	-	(30,557) ⁽³⁾	(100.0)%
147,605	146,901	0.5%	Comparable Hotel operating expenses	437,242	416,660	4.9%
<u>\$ 206,916</u>	<u>\$ 194,244</u>	6.5%	Comparable Hotel Operating Profit	<u>\$ 537,626</u>	<u>\$ 517,010</u>	4.0%
<u>58.4%</u>	<u>56.9%</u>	150 bps	Comparable Hotel Operating Margin	<u>55.1%</u>	<u>55.4%</u>	(30) bps

⁽¹⁾ 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 the three and nine months ended September 30, 2016 and 2015.

⁽²⁾ Excludes loss on disposal of assets of approximately \$2.2 million, \$1.3 million, \$7.2 million and \$3.3 million, respectively.

⁽³⁾ Excludes loss on disposal of assets of approximately \$0 and \$0.2 million, respectively.

COMPARABLE HOTEL TOTAL REVENUES¹ AND NON-GAAP RECONCILIATION OF NET INCOME TO EBITDA AND COMPARABLE HOTEL ADJUSTED EBITDA¹ FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2015 (ACTUAL) AND 2016 (OUTLOOK)



EXTENDED STAY AMERICA, INC.

**COMPARABLE HOTEL TOTAL REVENUES⁽¹⁾ AND NON-GAAP RECONCILIATION OF NET INCOME TO EBITDA AND COMPARABLE HOTEL ADJUSTED EBITDA⁽¹⁾
TWELVE MONTHS ENDED DECEMBER 31, 2015 (ACTUAL) AND 2016 (OUTLOOK)**

(In thousands)
(Unaudited)

Twelve Months Ended December 31, 2015 (Actual)		Twelve Months Ending December 31, 2016 (Outlook)	
		Low	High
\$ 1,217,354	Comparable Hotel total revenues	\$ 1,261,000	\$ 1,267,000
\$ 283,022	Net income	\$ 152,660	\$ 166,083
137,782	Interest expense, net	166,000	164,000
76,536	Income tax expense	34,653	35,230
<u>203,897</u>	Depreciation and amortization	<u>223,000</u>	<u>218,000</u>
701,237	EBITDA	576,313	583,313
(28,948)	Adjusted Property EBITDA of hotels not owned for entirety of periods presented	-	-
10,500	Non-cash equity-based compensation	12,000	11,000
2,732	Other non-operating expense (income)	(1,069)	(1,069)
9,011	Impairment of long-lived assets	2,756	2,756
(130,894)	Gain on sale of hotel properties	-	-
10,495 ⁽²⁾	Other expenses	11,000 ⁽³⁾	10,000 ⁽³⁾
<u>\$ 574,133</u>	Comparable Hotel Adjusted EBITDA	<u>\$ 601,000</u>	<u>\$ 606,000</u>
	% growth	4.7%	5.6%

⁽¹⁾ Comparable Hotel total revenues and Comparable Hotel Adjusted EBITDA include the results of 629 Extended Stay America and Extended Stay Canada-branded hotels owned and operated as of December 31, 2015.

⁽²⁾ Includes costs incurred in connection with the preparation of the registration statement filed in June 2015 and the November 2015 secondary offering of approximately \$0.9 million, transaction costs of approximately \$0.3 million associated with the sale of hotel properties, and loss on disposal of assets of approximately \$9.3 million, \$0.3 million of which relates to hotels not owned for entirety of the periods presented.

⁽³⁾ Includes loss on disposal of assets and other non-operating transaction costs.