



2015 Q4 Earnings Call
February 23, 2016 10:00 AM ET

Important Disclosure Information



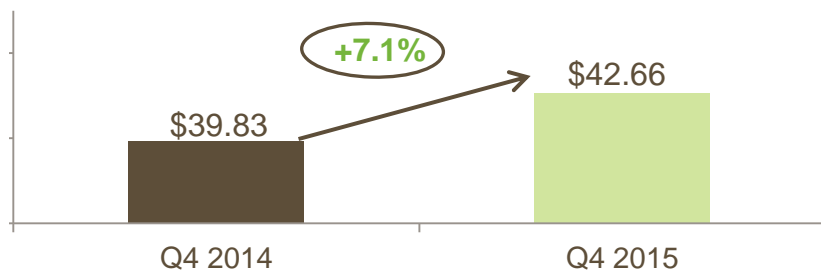
This presentation contains forward-looking statements within the meaning of the federal securities laws. Statements related to, among other things, future financial performance, including our 2016 outlook and expected performance, free cash flow, debt reduction and distribution growth, as such, may involve 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 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 the non-GAAP financial measures included in this presentation to the most directly comparable financial measures prepared in accordance with U.S. GAAP.

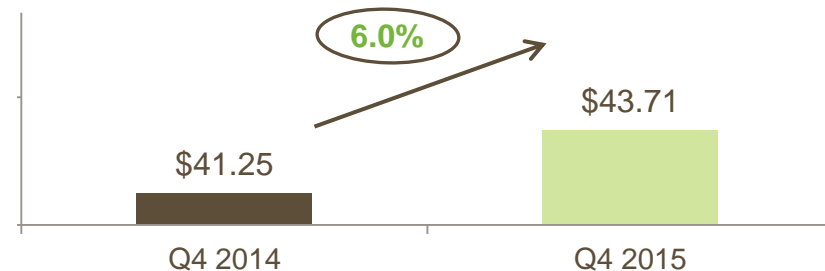
Q4 2015 Result Highlights



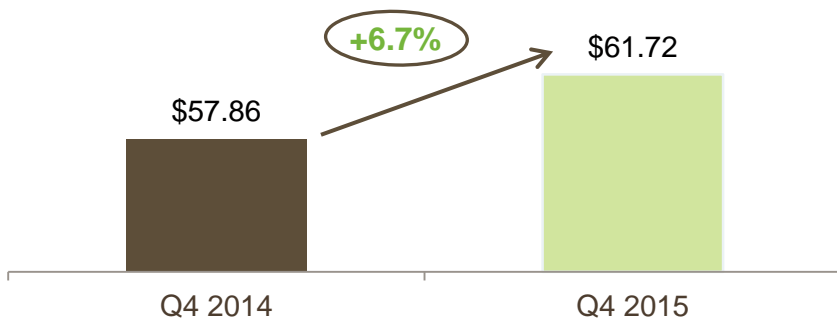
Revenue Per Available Room ("RevPAR")



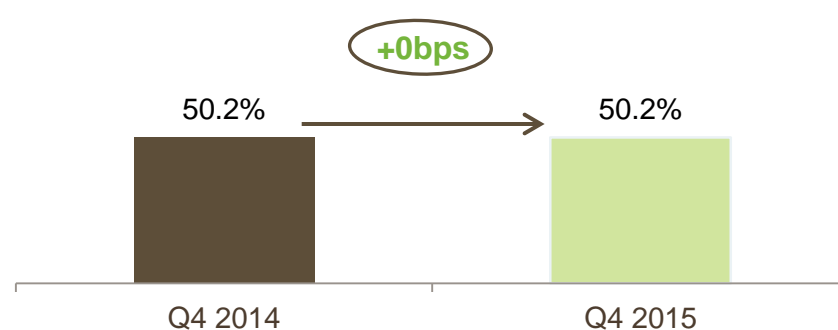
Comparable Hotel¹ RevPAR



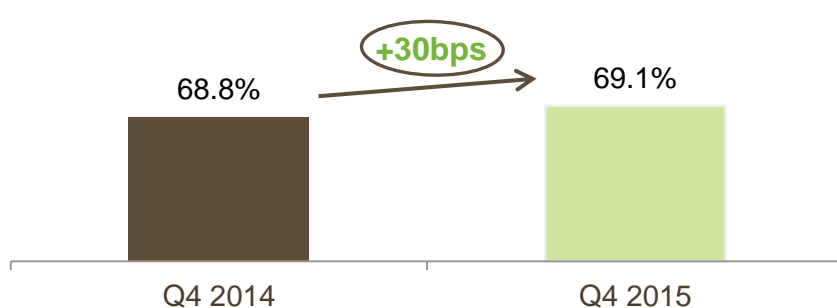
Average Daily Rate ("ADR")



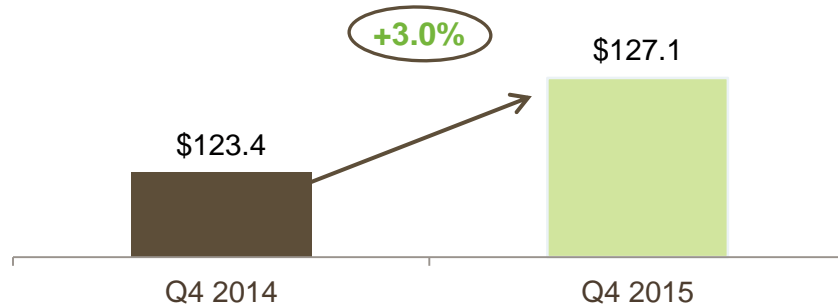
Hotel Operating Margin² (%)



Occupancy (%)



Adjusted EBITDA² (Millions)



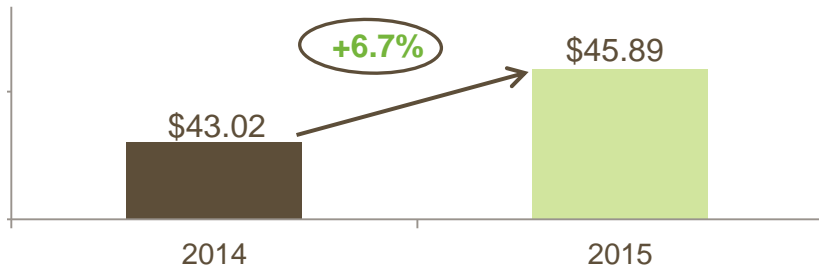
¹Comparable Hotels include 629 Extended Stay America and Extended Stay Canada-branded hotels owned and operated as of December 31, 2015.

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

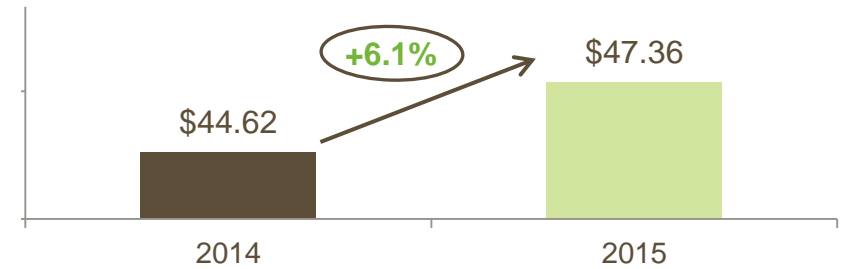
Full Year 2015 Result Highlights



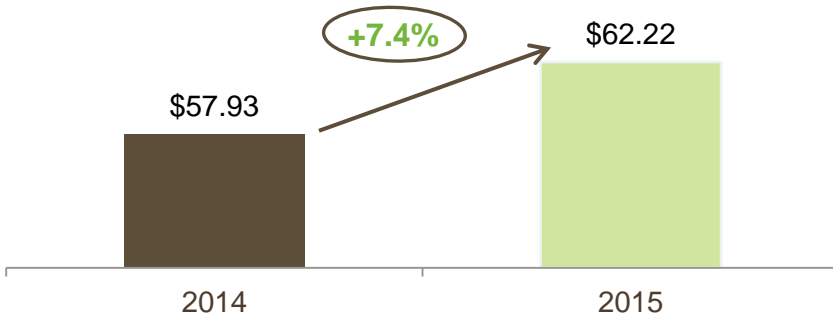
RevPAR



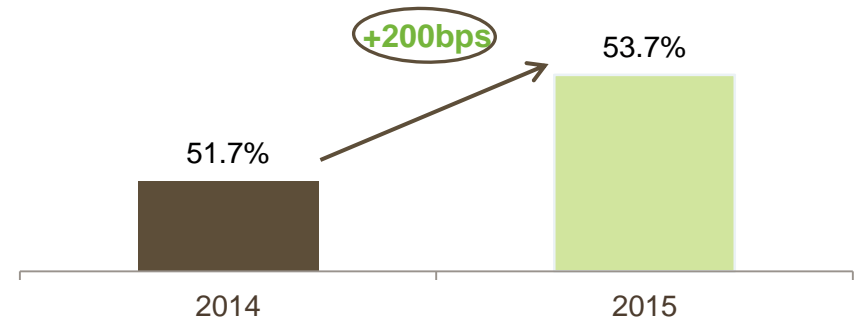
Comparable Hotel¹ RevPAR



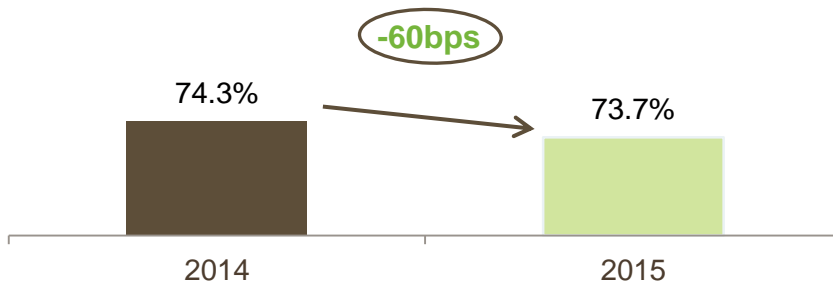
ADR



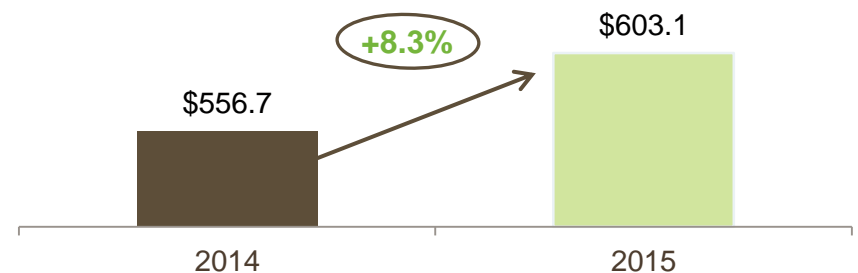
Hotel Operating Margin² (%)



Occupancy (%)



Adjusted EBITDA² (Millions)



¹Comparable Hotels include 629 Extended Stay America and Extended Stay Canada-branded hotels owned and operated as of December 31, 2015.

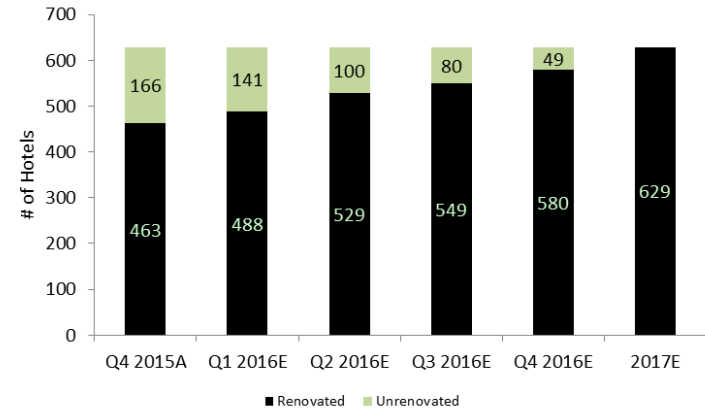
²See Appendix for Adjusted EBITDA and Hotel Operating Margin reconciliations.

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

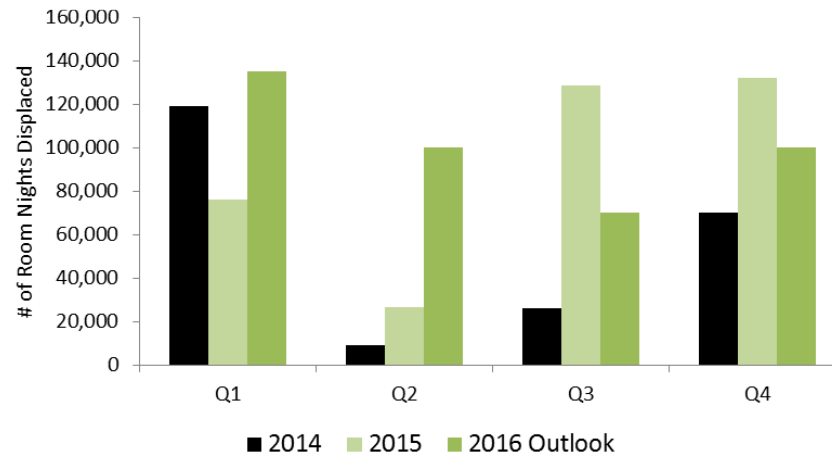
463 Completed Renovations at end of Q4 2015



Renovation Timeline¹



Renovation Room Night Displacement Outlook²



¹Status at end of quarter.

²Room nights removed from inventory due to renovation.

Q4 2015 Length of Stay Revenue Mix

	Q4 2014	Q4 2015
1-6 nights %	31%	32%
7-29 nights %	24%	23%
30+ nights %	45%	45%

Q4 2015 RevPAR Growth by Property Type

Property Status	RevPAR	ADR	Occupancy
Renovated ¹	8.5%	5.5%	+200 bps
Unrenovated ²	5.3%	3.2%	+140 bps
Under Renovation ³	-17.0%	9.3%	-1,670 bps
Total Company	7.1%	6.7%	+30 bps
Comparable Hotels⁴	6.0%	5.9%	+10 bps

Q4 2015 Channel Mix

	Q4 2014	Q4 2015
Proprietary Channels	81%	80%
OTAs	14%	16%
Other	5%	4%

¹ Includes 413 renovated hotels as of 09/30/2015.

² Includes 153 unrenovated hotels owned as of 12/31/15.

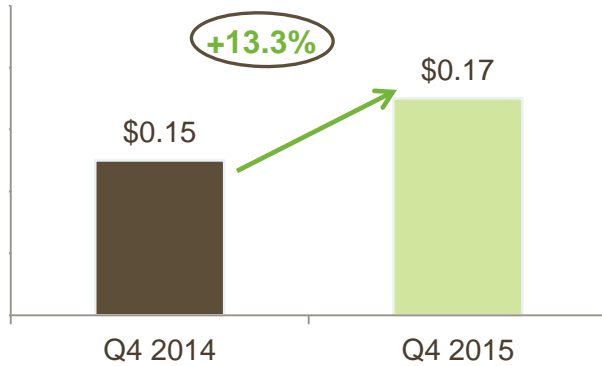
³ Includes 63 hotels under renovation at any point during Q4 2015.

⁴ Includes 629 hotels owned as of 12/31/15.

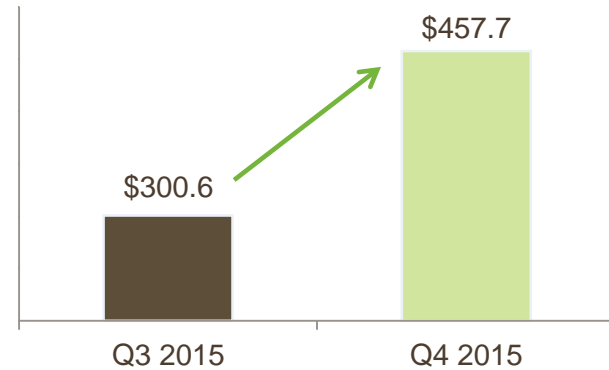
Quarterly Distribution, Cash Balance and Net Debt Ratio



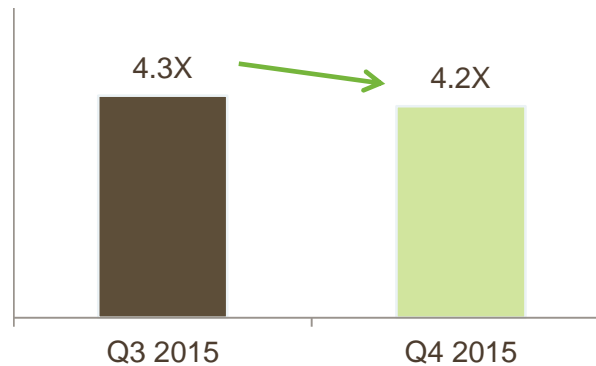
Quarterly Paired Share Distribution¹



Cash Balance (Millions)²



Adjusted Net Debt / TTM Adjusted EBITDA Ratio³



¹ Distribution dates of March 26, 2015 and March 22, 2016; excludes a 25¢ special distribution made on January 18, 2016.

² Includes Unrestricted and Restricted Cash.

³ Q3 2015 calculation is Net Debt (Total Debt – Total Cash) to Total Company Adjusted TTM EBITDA.

Q4 2015 calculation is Adjusted Net Debt (Total Debt – (Total Cash – Special Distribution)) to 2015 Comparable Hotel Adjusted EBITDA

Q4 2015 Actual Results and Full Year 2016 Outlook¹



(In millions)	Q4 2015	
	Guidance ²	Actual
Total Revenues	\$297.0 to 302.0	
Hotel Sale Revenue Impact	(\$4.5)	
Adjusted Total Revenues	\$292.5 to 297.5	\$ 296.3
Adjusted EBITDA	\$126.0 to 131.0	
Hotel Sale Adjusted EBITDA Impact	(\$3.0)	
Adjusted EBITDA	\$123.0 to 128.0	\$ 127.1

(In millions)	Q1 2015 Comparable Hotels	Q1 2016 Outlook ¹
Revenue	\$270.6	\$ 281 to \$ 287
Adjusted EBITDA	\$115.7	\$ 118 to \$ 123

(In millions)	Full Year 2016 Outlook ¹	
Revenue	\$ 1,266 to	\$ 1,290
Adjusted EBITDA	\$ 600	\$ 620
Depreciation and Amortization	\$ 220	\$ 215
Net Interest Expense	\$ 140	\$ 135
Effective Tax Rate	24.0%	23.0%
Net Income	\$ 163	\$ 192
Capital Expenditures	\$ 240	\$ 260

¹Outlook as of February 23, 2016

²Guidance as of Q3 Earnings Call on October 27, 2015; Guidance excluded \$3 million Adjusted EBITDA impact and \$4.5 million revenue impact from the 53 hotels sold during the quarter

APPENDIX

Non-GAAP Reconciliation of Net Income to EBITDA and Adjusted EBITDA For the Three and Twelve Months Ended December 31, 2015 and 2014



(In thousands)
(Unaudited)

Three Months Ended December 31,			Twelve Months Ended December 31,	
2015	2014		2015	2014
\$ 132,132	\$ 28,004	Net income	\$ 283,022	\$ 150,554
35,807	32,900	Interest expense, net	137,782	149,364
28,417	6,870	Income tax expense	76,536	45,057
51,917	47,806	Depreciation and amortization	203,897	187,207
248,273	115,580	EBITDA	701,237	532,182
2,560	1,630	Non-cash equity-based compensation	10,500	8,803
697	926	Other non-operating expense	2,732	3,763
-	2,300	Impairment of long-lived assets	9,011	2,300
(130,894)	-	Gain on sale of hotel properties	(130,894)	(864)
6,461 ⁽¹⁾	2,915 ⁽²⁾	Other expenses	10,495 ⁽³⁾	10,476 ⁽⁴⁾
<u>\$ 127,097</u>	<u>\$ 123,351</u>	Adjusted EBITDA	<u>\$ 603,081</u>	<u>\$ 556,660</u>
3.0%		% growth	8.3%	

⁽¹⁾ Includes costs incurred in connection with the November 2015 secondary offering of approximately \$0.2 million, transaction costs of approximately \$0.3 million associated with the sale of hotel properties and loss on disposal of assets of approximately \$6.0 million.

⁽²⁾ Includes public company transition costs of approximately \$(0.2) million due to revision of a public company transition cost estimate and loss on disposal of assets of approximately \$3.1 million.

⁽³⁾ 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.

⁽⁴⁾ Includes public company transition costs of approximately \$3.0 million, including approximately \$1.5 million in costs incurred in connection with the August 2014 secondary offering, consulting fees of approximately \$1.9 million related to the implementation of certain key strategic initiatives, including review of our corporate infrastructure, and loss on disposal of assets of approximately \$5.6 million.

Non-GAAP Reconciliation of Net Income to EBITDA and Comparable Hotel Adjusted EBITDA For the Three and Twelve Months Ended December 31, 2015 and 2014



		(In thousands) (Unaudited)		
Three Months Ended December 31,			Twelve Months Ended December 31,	
2015	2014		2015	2014
\$ 132,132	\$ 28,004	Net income	\$ 283,022	\$ 150,554
35,807	32,900	Interest expense, net	137,782	149,364
28,417	6,870	Income tax expense	76,536	45,057
51,917	47,806	Depreciation and amortization	203,897	187,207
248,273	115,580	EBITDA	701,237	532,182
(4,757)	(5,938)	Adjusted Property EBITDA of hotels not owned for entirety of periods presented	(28,948)	(27,522)
2,560	1,630	Non-cash equity-based compensation	10,500	8,803
697	926	Other non-operating expense	2,732	3,763
-	2,300	Impairment of long-lived assets	9,011	2,300
(130,894)	-	Gain on sale of hotel properties	(130,894)	(864)
6,461 ⁽²⁾	2,915 ⁽³⁾	Other expenses	10,495 ⁽⁴⁾	10,476 ⁽⁵⁾
<u>\$ 122,340</u>	<u>\$ 117,413</u>	Comparable Hotel Adjusted EBITDA	<u>\$ 574,133</u>	<u>\$ 529,138</u>
4.2%		% growth	8.5%	

⁽¹⁾ Comparable Hotel Adjusted EBITDA includes 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 November 2015 secondary offering of approximately \$0.2 million, transaction costs of approximately \$0.3 million associated with the sale of hotel properties and loss on disposal of assets of approximately \$6.0 million, \$0.1 million of which relates to hotels not owned for entirety of periods presented.

⁽³⁾ Includes public company transition costs of approximately \$(0.2) million due to revision of a public company transition cost estimate and loss on disposal of assets of approximately \$3.1 million, \$0.1 million of which relates to hotels not owned for the entirety of periods presented.

⁽⁴⁾ 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 the entirety of periods presented.

⁽⁵⁾ Includes public company transition costs of approximately \$3.0 million, including approximately \$1.5 million in costs incurred in connection with the August 2014 secondary offering, consulting fees of approximately \$1.9 million related to the implementation of certain key strategic initiatives, including review of our corporate infrastructure, and loss on disposal of assets of approximately \$5.6 million, \$0.2 million of which relates to hotels not owned for the entirety of periods presented.

Non-GAAP Reconciliation of Hotel Operating Profit and Hotel Operating Margin for the Three and Twelve Months Ended December 31, 2015 and 2014



(In thousands)
(Unaudited)

Three Months Ended December 31,				Twelve Months Ended December 31,		
2015	2014	% Variance		2015	2014	% Variance
\$ 291,526	\$ 278,530	4.7%	Room revenues	\$ 1,265,653	\$ 1,195,816	5.8%
4,809	4,162	15.5%	Other hotel revenues	19,100	17,659	8.2%
296,335	282,692	4.8%	Total hotel revenues	1,284,753	1,213,475	5.9%
147,571	140,741	4.9%	Hotel operating expenses ⁽¹⁾	594,788	586,497	1.4%
<u>\$ 148,764</u>	<u>\$ 141,951</u>	4.8%	Hotel Operating Profit	<u>\$ 689,965</u>	<u>\$ 626,978</u>	10.0%
<u>50.2%</u>	<u>50.2%</u>	0 bps	Hotel Operating Margin	<u>53.7%</u>	<u>51.7%</u>	200 bps

⁽¹⁾ Excludes loss on disposal of assets of approximately \$6.0 million, \$3.1 million, \$9.3 million and \$5.6 million, respectively.