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## Reconciliation of Non-GAAP Financial Measures (Unaudited)

Non-GAAP financial measures are measures of our historical financial performance that are different from measures calculated and presented in accordance with accounting principles generally accepted in the United States of America ("GAAP"). We report Funds from Operations ("FFO"), Adjusted FFO ("AFFO"), Earnings Before Interest, Taxes, Depreciation, and Amortization ("EBITDA"), Adjusted EBITDA, and Hotel EBITDA as non-GAAP measures that we believe are useful to investors as key measures of our operating results and which management uses to facilitate a periodic evaluation of our operating results relative to those of our peers. Our non-GAAP measures should not be considered as an alternative to U.S. GAAP net earnings as an indication of financial performance or to U.S. GAAP cash flows from operating activities as a measure of liquidity. Additionally, these measures are not indicative of funds available to fund cash needs or our ability to make cash distributions as they have not been adjusted to consider cash requirements for capital expenditures, property acquisitions, debt service obligations, or other commitments.

### FFO and AFFO

The following table reconciles net earnings (loss) to FFO and AFFO for the three and nine months ended September 30, 2017 and 2016 (in thousands). All amounts presented include both continuing and discontinued operations as well as our portion of the results of our unconsolidated Atlanta JV.

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| **Reconciliation of Net earnings (loss) to FFO and AFFO** | **2017** | **2016** | **2017** | **2016** |
| Net earnings (loss) | $ (1,039) | 2,853 | $ 1,553 | $ 18,883 |
| Depreciation and amortization expense | 1,993 | 1,398 | 4,813 | 4,096 |
| Depreciation and amortization expense from JV | 330 | 94 | 988 | 94 |
| Net (gain) loss on disposition of assets | 46 | (3,591) | (4,803) | (16,495) |
| Net loss on disposition of assets from JV | 1 | 1 | 4 | 1 |
| Impairment loss, net | 848 | 343 | 1,598 | 1,257 |
| **FFO** | 2,179 | 1,098 | 4,153 | 7,836 |
| Dividends declared and undeclared and in kind dividends deemed on preferred stock | (205) | (976) | (12,079) | (19,773) |
| **FFO attributable to common shares and partnership units** | 1,974 | 122 | (7,926) | (11,937) |
| Net gain on derivatives and convertible debt | (14) | (26) | (416) | (6,305) |
| Net loss on derivative from JV | - | - | 2 | - |
| Acquisition and terminated transactions expense | 453 | 228 | 1,170 | 375 |
| Acquisition and terminated transactions expense from JV | - | 224 | - | 224 |
| Equity transactions expense | - | - | 343 | - |
| Loss on debt extinguishment | - | 399 | 800 | 1,548 |
| Stock-based compensation and LTIP expense | 508 | 89 | 665 | 228 |
| Amortization of deferred financing fees | 310 | 143 | 726 | 492 |
| Non-recurring dividends above stated rates declared and undeclared and in kind dividends deemed on preferred stock | 60 | - | 11,090 | 16,739 |
| **AFFO attributable to common shares and partnership units** | $ 3,291 | $ 1,179 | $ 6,454 | $ 1,364 |

| | | | | |
|---|---|---|---|---|
| **AFFO attributable to common shares and partnership units - Basic Shares** | $ 3,291 | $ 1,179 | $ 6,454 | $ 1,364 |
| Convertible note interest | 16 | 16 | 48 | 34 |
| Preferred dividends at stated rates | 145 | 976 | 989 | 2,570 |
| **AFFO attributable to common shares and partnership units - Diluted Shares** | $ 3,452 | $ 2,171 | $ 7,491 | $ 3,968 |
| | | | | |
| **AFFO per common share and partnership unit - Basic** | $ 0.28 | $ 1.30 | $ 0.73 | $ 1.50 |
| **AFFO per common share and partnership unit - Diluted** | $ 0.28 | $ 0.31 | $ 0.69 | $ 0.66 |
| | | | | |
| Weighted average common shares and partnership units - Basic | 11,620,839 | 908,880 | 8,836,855 | 907,909 |
| | | | | |
| Weighted average common shares and partnership units - Diluted | 12,409,822 | 7,011,133 | 10,778,706 | 5,269,174 |

We calculate FFO in accordance with the standards established by the National Association of Real Estate Investment Trusts ("NAREIT"), which defines FFO as net earnings or loss computed in accordance with GAAP, excluding gains or losses from sales of real estate assets, impairment, and the depreciation and amortization of real estate assets. FFO is calculated both for the Company in total and as FFO attributable to common shares and partnership units, which is FFO reduced by preferred stock dividends. AFFO is FFO attributable to common shares and partnership units adjusted to exclude items we do not believe are representative of the results from our core operations, including non-cash gains or losses on derivatives and convertible debt, stock-based compensation expense, amortization of certain fees, losses on debt extinguishment, and in-kind dividends above stated rates, and cash charges for acquisition and equity transaction costs. All REITs do not calculate FFO and AFFO in the same manner; therefore, our calculation may not be the same as the calculation of FFO and AFFO for similar REITs.

We consider FFO to be a useful additional measure of performance for an equity REIT because it facilitates an understanding of the operating performance of our properties without giving effect to real estate depreciation and amortization, which assumes that the value of real estate assets diminishes predictably over time. Since real estate values have historically risen or fallen with market conditions, we believe that FFO provides a meaningful indication of our performance. We believe that AFFO provides useful supplemental information to investors regarding our ongoing operating performance that, when considered with net income and FFO, is beneficial to an investor's understanding of our operating performance. We present AFFO per common share and partnership unit because our partnership units are redeemable for common shares. We believe it is meaningful for the investor to understand AFFO applicable to common shares and partnership units.

## EBITDA, Adjusted EBITDA, and Hotel EBITDA

The following table reconciles net earnings (loss) to EBITDA, Adjusted EBITDA, and Hotel EBITDA for the three and nine months ended September 30, 2017 and 2016 (in thousands). All amounts presented include both continuing and discontinued operations as well as our portion of the results of our unconsolidated Atlanta JV.

| Reconciliation of Net earnings (loss) to EBITDA, Adjusted EBITDA, and Hotel EBITDA | Three months ended September 30, 2017 | Three months ended September 30, 2016 | Nine months ended September 30, 2017 | Nine months ended September 30, 2016 |
|---|---|---|---|---|
| Net earnings (loss) | $ (1,039) | $ 2,853 | $ 1,553 | $ 18,883 |
| Interest expense | 1,405 | 1,127 | 3,468 | 3,709 |
| Interest expense from JV | 432 | 191 | 1,334 | 191 |
| Loss on debt extinguishment | - | 399 | 800 | 1,548 |
| Income tax expense | 15 | - | 50 | - |
| Depreciation and amortization expense | 1,993 | 1,398 | 4,813 | 4,096 |
| Depreciation and amortization expense from JV | 330 | 94 | 988 | 94 |
| **EBITDA** | 3,136 | 6,062 | 13,006 | 28,521 |
| | | | | |
| Net (gain) loss on disposition of assets | 46 | (3,591) | (4,803) | (16,495) |
| Net loss on disposition of assets from JV | 1 | 1 | 4 | 1 |
| Impairment loss, net | 848 | 343 | 1,598 | 1,257 |
| Net gain on derivatives and convertible debt | (14) | (26) | (416) | (6,305) |
| Net loss on derivative from JV | - | - | 2 | - |
| Stock-based compensation and LTIP expense | 508 | 89 | 665 | 228 |
| Acquisition and terminated transactions expense | 453 | 228 | 1,170 | 375 |
| Acquisition and terminated transactions expense from JV | - | 224 | - | 224 |
| Equity transactions expense | - | - | 343 | |
| **Adjusted EBITDA** | 4,978 | 3,330 | 11,569 | 7,806 |
| General and administrative expense, excluding stock comp and LTIP expense | 1,194 | 1,278 | 4,040 | 3,864 |
| Other expense (income), net | 43 | (85) | 83 | (87) |
| Unallocated hotel and property operations expense | 111 | 113 | 308 | 391 |
| **Hotel EBITDA** | $ 6,326 | $ 4,636 | $ 16,000 | $ 11,974 |
| | | | | |
| Revenue | $ 15,562 | $ 13,519 | $ 40,175 | $ 40,183 |
| JV revenue | 2,439 | 1,048 | 7,279 | 1,048 |
| | | | | |
| Condor and JV revenue | $ 18,001 | $ 14,567 | $ 47,454 | $ 41,231 |
| Hotel EBITDA as a percentage of revenue | 35.1% | 31.8% | 33.7% | 29.0% |

We calculate EBITDA and Adjusted EBITDA by adding back to net earnings or loss certain non-operating expenses and certain non-cash charges which are based on historical cost accounting that we believe may be of limited significance in evaluating current performance. We believe these adjustments can help eliminate the accounting effects of depreciation and amortization and financing decisions and facilitate comparisons of core operating profitability between periods. In calculating EBITDA, we add back to net earnings or loss interest expense, loss on debt extinguishment, income tax expense, and depreciation and amortization expense. In calculating Adjusted EBITDA, we adjust EBITDA to add back net gain/loss on disposition of assets, acquisition and terminated transactions expense, and equity transactions expense, which are cash charges. We also add back impairment, stock –based compensation expense, and gain/loss on derivatives and convertible debt, which are non-cash charges. EBITDA and Adjusted EBITDA, as presented, may not be comparable to similarly titled measures of other companies.

We believe EBITDA and Adjusted EBITDA to be useful additional measures of our operating performance, excluding the impact of our capital structure (primarily interest expense), our asset base (primarily depreciation and amortization expense), and other items we do not believe are representative of the results from our core operations.

The Company further excludes general and administrative expenses, other non-operating income or expense, and certain hotel and property operations expenses that are not allocated to individual properties in assessing hotel performance (primarily certain general liability and other insurance costs, land lease costs, and office and banking fees) from Adjusted EBITDA to calculate Hotel EBITDA. Hotel EBITDA, as presented, may not be comparable to similarly titled measures of other companies.

Hotel EBITDA is intended to isolate property level operational performance over which the Company's hotel operators have direct control. We believe Hotel EBITDA is helpful to investors as it better communicates the comparability of our hotels' operating results for all of the Company's hotel properties and is used by management to measure the performance of the Company's hotels and the effectiveness of the operators of the hotels.

## Same-Store Revenue and Hotel EBITDA

The following tables present our same-store revenue, Hotel EBITDA, and Hotel EBITDA margin broken down by property type for the three and nine months ended September 30, 2017 and 2016 (in thousands) and reconcile these same-store measures to total revenue and Hotel EBITDA as presented above. Same-store results include all our hotels owned at September 30, 2017, with the exception of the Residence Inn Austin which was opened on August 3, 2016 (no prior period results available) and reflect the performance of these hotels during the entire period, regardless of our ownership during the period presented. Results for the hotels for periods prior to our ownership were provided to us by prior owners and have not been adjusted by us or audited or reviewed by our independent auditors. All amounts presented include both continuing and discontinued operations as well as our portion of the results of our unconsolidated Atlanta JV. Results for periods prior to the Company's ownership have not been included in the Company's actual consolidated financial statements and are included here only for comparison purposes.

| | Revenue - Reconciliation of Same-Store to Actual | | | |
|---|---|---|---|---|
| | Three months ended September 30, | | Nine months ended September 30, | |
| | 2017 | 2016 | 2017 | 2016 |
| Condor and JV Revenue - Actual | $ 18,001 | $ 14,567 | $ 47,454 | $ 41,231 |
| Revenue earned on properties owned at September 30, 2017 prior to the Company's ownership, including the JV prior to ownership and excluding the Residence Inn Austin | 574 | 8,501 | 8,344 | 27,607 |
| Revenue earned on properties disposed of prior to September 30, 2017 during the period of ownership | (534) | (6,589) | (3,267) | (20,038) |
| Revenue earned on Residence Inn Austin subsequent to ownership | (361) | - | (361) | - |
| Total Revenue – Same-Store | $ 17,680 | $ 16,479 | $ 52,170 | $ 48,800 |

| | Revenue – Same-Store by Type | | | |
|---|---|---|---|---|
| | Three months ended September 30, | | Nine months ended September 30, | |
| | 2017 | 2016 | 2017 | 2016 |
| New investment platform | $ 14,361 | $ 13,523 | $ 43,342 | $ 40,879 |
| Legacy held for use | 1,028 | 936 | 2,845 | 2,504 |
| Legacy held for sale | 2,291 | 2,020 | 5,983 | 5,417 |
| Total Revenue – Same-Store | $ 17,680 | $ 16,479 | $ 52,170 | $ 48,800 |

| | Hotel EBITDA - Reconciliation of Same-Store to Actual | | | |
|---|---|---|---|---|
| | Three months ended September 30, | | Nine months ended September 30, | |
| | 2017 | 2016 | 2017 | 2016 |
| Condor and JV Hotel EBITDA - Actual | $ 6,326 | $ 4,636 | $ 16,000 | $ 11,974 |
| Hotel EBITDA earned on properties owned at September 30, 2017 prior to the Company's ownership, including the JV prior to ownership and excluding the Residence Inn Austin | 209 | 3,107 | 3,869 | 10,683 |
| Hotel EBITDA earned on properties disposed of prior to September 30, 2017 during the period of ownership | (70) | (2,012) | (519) | (5,137) |
| Hotel EBITDA earned on Residence Inn Austin subsequent to ownership | (137) | - | (137) | - |
| Total Hotel EBITDA – Same-Store | $ 6,328 | $ 5,731 | $ 19,213 | $ 17,520 |

| | Hotel EBITDA – Same-Store by Type | | | |
|---|---|---|---|---|
| | Three months ended September 30, | | Nine months ended September 30, | |
| | 2017 | 2016 | 2017 | 2016 |
| New investment platform | $ 5,231 | $ 4,859 | $ 16,555 | $ 15,371 |
| Legacy held for use | 359 | 290 | 955 | 801 |
| Legacy held for sale | 738 | 582 | 1,703 | 1,348 |
| Total Hotel EBITDA – Same-Store | $ 6,328 | $ 5,731 | $ 19,213 | $ 17,520 |

| | Hotel EBITDA Margin by Property Type | | | |
|---|---|---|---|---|
| | Three months ended September 30, | | Nine months ended September 30, | |
| | 2017 | 2016 | 2017 | 2016 |
| Adjusted new investment platform, including JV | 36.4% | 35.9% | 38.2% | 37.6% |
| Legacy held for use | 34.9% | 31.0% | 33.6% | 32.0% |
| Legacy held for sale | 32.2% | 28.8% | 28.5% | 24.9% |
| Total Portfolio | 35.8% | 34.8% | 36.8% | 35.9% |

Hotel EBITDA margin is calculated by dividing same-store Hotel EBITDA by same-store revenue by type. We include same-store hotel data as supplemental information for investors. The Company believes that providing same-store hotel data is useful to investors because it represents comparative operations for our portfolio as it exists at the end of the reporting period presented, which allows investors and management to evaluate the period-to-period performance of our hotels and facilitates comparisons with our peers. In particular, these measures assist investors and management in distinguishing whether increases or decreases in revenues and/or Hotel EBITDA are due to the operations of same-store hotels or due to other factors, such as acquisitions or dispositions.