American Hospitality Properties REIT, Inc.
Investor Update

October 5, 2026

Dear Shareholders,

Since the newly constituted Board of Directors (the "***Board***") of American Hospitality Properties REIT, Inc. (the "***Company***") assumed responsibility for the Company, the Board has focused on a clear mandate: to stabilize the Company, to right the ship, and to maximize value for all of the Company's stakeholders. Toward that end, the Board and its advisors have conducted a comprehensive and independent review since inception of the Company's operations, capital structure, and governance framework, guided by seasoned hotel industry experience, outside counsel, and financial advisors.

Based on that review, the Board has concluded that certain operational, debt, and governance structures, together with other legacy uncertainties inherited by the current Board, have significantly constrained its ability to execute on that mandate. The Board to date has been unable to obtain full visibility of the Company and its hotel portfolio due to the lack of financial information and data from the prior management team led by William L. Perch Nelson and Phoenix American Hospitality, LLC ("***Phoenix***"). Phoenix's failure to provide complete financial information required to, among other things, timely finalize tax filings exacerbated the challenges faced by the Company. Repeated requests by the Board and its advisors, including formal correspondence directed to Mr. Nelson and Phoenix, for the Company's information were unfulfilled, leaving the Board without access to critically needed information. These informational gaps have limited the Board's ability to complete its assessment and take certain actions, including the engagement of an independent external auditor.

After careful deliberation and evaluation of the alternatives reasonably available to it, the Board believes that filing for bankruptcy protection under Chapter 11 of the United States Bankruptcy Code represents the best available path to preserve and maximize the value of the Company. The Board did not reach this decision lightly. It has made this decision deliberately and in what it believes to be the best interests of the Company and all of its stakeholders, and it intends to use the chapter 11 process to preserve and maximize the value of the Company.

Hotel Operations

Among the matters identified in the Board's review, the performance of the Company's hotel portfolio is of immediate concern. The prior management team, led by Mr. Nelson and Phoenix, engaged an affiliate of Phoenix, PAH Management, LLC ("***PAHM***"), to manage the Company's hotels. In the Board's assessment, PAHM has not managed the hotel portfolio in a manner consistent with sound industry practice, and performance across the portfolio has been materially below budget. A substantial majority of the Company's hotels carrying a Marriott International, Inc. ("***Marriott***") brand are currently in default, with additional defaults anticipated. The Board understands that many of these defaults arose after PAHM failed to timely pay required franchise and brand fees, notwithstanding repeated direction from the Board and current

management to do so. Several properties have already received formal notices of default from their franchisors under the applicable franchise agreements.

In September 2026, Marriott issued formal notices of default to five of the Company's hotels managed by PAHM, arising from the non-payment of franchise fees and other amounts totaling approximately $1.77 million. These notices followed earlier notices of breach that demanded payment by early September, which PAHM did not make. The notices warn that if the outstanding amounts are not paid by certain mid-October dates, Marriott may suspend the affected hotels from its reservation system immediately and/or terminate the applicable franchise agreements as early as the end of the October or first week in November, as applicable. Termination would trigger liquidated damages, require the hotels to be de-identified as Marriott properties, and cut off access to Marriott's reservation system, which would substantially impair the hotels' ability to generate revenue. The notices also invoke guaranties under which the Company is liable for the amounts due. In addition, several other Marriott-branded hotels are performing well below brand averages and are at risk of further defaults. The Board believes that the chapter 11 process provides the best opportunity to address these defaults in an orderly manner, restore the confidence of the Company's franchisors, and protect the value of the franchise agreements, which are critical to the Company's business.

The Board also has significant concerns about the condition of the hotel assets and the responsiveness of the hotel management function. Based on the Board's review, PAHM failed to implement appropriate maintenance programs, deferred necessary repairs and capital improvements, and did not establish or fund adequate capital expenditure reserves. In many instances, reserves were limited to furniture, fixtures, and equipment accounts, with no meaningful provision made for broader capital needs, contributing to the deterioration of the assets and negatively impacting property performance and brand compliance. These operational and maintenance deficiencies have placed several properties in poor condition and may require substantial remediation efforts.

Based on the Board's review, the related hotel management agreements, which were negotiated by the prior management and entered into without independent, disinterested approval, contain terms that are unfavorable to the Company, including limited termination rights and significant termination fees. Restoring operational performance, addressing deferred maintenance and capital needs, curing franchise defaults, and transitioning the portfolio to qualified replacement management are among the Board's most urgent priorities during the chapter 11 cases.

Spirit Litigation

The Company also faces significant litigation exposure arising from decisions made under the prior management of Mr. Nelson and Phoenix. A Company subsidiary is the tenant under a ground lease with Spirit Realty, LP ("***Spirit***") with respect to the Company's Cape Canaveral, Florida hotel, and the Company has guaranteed the tenant's obligations under that ground lease. Due to unilateral decisions made by Mr. Nelson and Phoenix while they controlled the Company, a dispute with Spirit has arisen. In December 2025, Spirit commenced a lawsuit against the Company's subsidiaries, the Company, and Phoenix, and in June 2026, Spirit moved for final summary judgment seeking not less than approximately $4.3 million. An adverse judgment of this

magnitude, and Spirit's potential efforts to enforce it, could have significant adverse consequences for the Company's liquidity and operations. The chapter 11 process is intended to provide the Company with the breathing room needed to continue negotiations with Spirit and, hopefully, to reach a resolution of the dispute.

Capital Structure

The Company also faces significant near-term debt obligations. The Company's hotel assets are encumbered, as applicable, by a loan with an original principal amount of $65 million maturing in August 2027, a loan secured by two properties in which the Company has an interest with an original principal amount of approximately $18.2 million maturing in May 2028, and a loan with an original principal amount of approximately $15.8 million maturing in September 2028. These maturities are relatively near-term in nature, and in the Board's view, refinancing obligations of this magnitude on workable terms presents a significant challenge in the current interest rate and lending environment, particularly when considering the performance of the Company's hotel portfolio under PAHM's management. Addressing the Company's capital structure in a coordinated manner in chapter 11 is central to the Board's value-maximizing strategy.

Governance

The Board's review further identified governance structures, established under prior management, which were overly restrictive and limited the current Board's ability to take timely corrective action in the interests of the Company and its stakeholders without triggering defaults under various loan and franchise agreements. Notwithstanding these constraints, the Board actively exercised oversight and sought to improve performance by holding regular, often weekly, accountability meetings with management and directing the implementation of cost-reduction initiatives, labor optimization measures, and other operational efficiencies intended to improve profitability and cash flow while maintaining guest satisfaction and ensuring the safety of guests and employees. However, the governance structures put in place by Phoenix and Mr. Nelson often impaired the Board's ability to ensure that these directives were effectively implemented across the enterprise. For instance, although the Board controlled the Company, those structures prevented the Board from exercising effective control over the Company's subsidiaries without potentially triggering defaults under various loan and franchise agreements. The Board has since taken steps to address and reform those structures. Nevertheless, while certain of these legacy constraints have been lifted, others may remain in place and could continue to impede the Board's ability to execute on its value-maximizing mandate going forward, and these constraints contributed to the circumstances that make the chapter 11 process the most appropriate path forward.

The Board believes that the chapter 11 process is the best available restructuring strategy for the Company and all of its stakeholders. The Board and its advisors will continue to work diligently to seek liquidity to support the chapter 11 process, stabilize operations, address the Company's obligations and pending litigation, and position the Company for a stronger future. To aid the Board in these efforts, the Board has engaged a Chief Restructuring Officer with extensive experience in restructuring matters and chapter 11 cases. The Board remains committed to being as cost-effective and efficient as possible in order to preserve value for the Company and all of its stakeholders, and the Board will continue to work diligently with the resources available to it.

Shareholders may obtain information about and follow the chapter 11 proceedings by visiting https://omniagentsolutions.com/AHPREIT or calling (866) 205-3144 (US & Canada) or (818) 510-4629 (International). The Board will provide further updates as appropriate.

We appreciate your continued patience and support during this period.

Sincerely,

The Board of Directors
American Hospitality Properties REIT, Inc.