UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

---

[x] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2011

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number: 001-35074 (Summit Hotel Properties, Inc.)
Commission File Number: 001-54273 (Summit Hotel OP, LP)

SUMMIT HOTEL PROPERTIES, INC.
SUMMIT HOTEL OP, LP

(Exact name of registrant as specified in its charter)

Maryland (Summit Hotel Properties, Inc.) **Delaware (Summit Hotel OP, LP)** (State or other jurisdiction of incorporation or organization)	**27-2962512 (Summit Hotel Properties, Inc.)** **20-0617340 (Summit Hotel OP, LP)** (I.R.S. Employer Identification No.)

2701 South Minnesota Avenue, Suite 6
Sioux Falls, SD 57105
(Address of principal executive offices, including zip code)

(605) 361-9566
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Summit Hotel Properties, Inc.

Title of each class	Name of each exchange on which registered
Common Stock, $0.01 par value per share	**New York Stock Exchange**
9.25% Series A Cumulative Redeemable Preferred Stock, par value $0.01 per share	**New York Stock Exchange**

Summit Hotel OP, LP

Title of each class	Name of each exchange on which registered
None	**Not applicable**

Securities registered pursuant to Section 12(g) of the Act:

Summit Hotel Properties, Inc.: None
Summit Hotel OP, LP: Units of partnership interest designated as "Common Units"

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Summit Hotel Properties, Inc. [ ] Yes [x] No **Summit Hotel OP, LP** [ ] Yes [x] No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Summit Hotel Properties, Inc. [ ] Yes [x] No **Summit Hotel OP, LP** [ ] Yes [x] No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Summit Hotel Properties, Inc. [x] Yes [ ] No **Summit Hotel OP, LP** [x] Yes [ ] No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405) of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Summit Hotel Properties, Inc. [x] Yes [ ] No **Summit Hotel OP, LP** [x] Yes [ ] No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.
Summit Hotel Properties, Inc. [ ] **Summit Hotel OP, LP** [x]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company in Rule 12b-2 of the Exchange Act.

Summit Hotel Properties, Inc.
Large accelerated filer [ ]
Accelerated filer [ ]
Non-accelerated filer [x]
Smaller reporting company [ ]

Summit Hotel OP, LP
Large accelerated filer [ ]
Accelerated filer [ ]
Non-accelerated filer [x]
Smaller reporting company [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Summit Hotel Properties, Inc. [ ] Yes [x] No **Summit Hotel OP, LP** [ ] Yes [x] No

The aggregate market value of the 15,406,309 common shares of Summit Hotel Properties, Inc. held by non-affiliates was $170,086,093 based on the closing sale price on the New York Stock Exchange for such common stock as of June 30, 2011.

There is no trading market for the securities of Summit Hotel OP, LP and thus an aggregate market value is not calculable.

As of February 27, 2012, the number of outstanding shares of common stock of Summit Hotel Properties, Inc. was 27,278,000 and the number of outstanding Common Units of Summit Hotel OP, LP was 37,378,000, including 27,278,000 Common Units held by Summit Hotel Properties, Inc. and the general partner of Summit Hotel OP, LP.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for its 2012 Annual Meeting of Stockholders, to be filed with the Securities and Exchange Commission not later than 120 days after the end of the fiscal year pursuant to Regulation 14A, are incorporated herein by reference into Part III, Items 10, 11, 12, 13 and 14.

EXPLANATORY NOTE

This report combines the Annual Reports on Form 10-K for the year ended December 31, 2011 of Summit Hotel Properties, Inc., a Maryland corporation, and Summit Hotel OP, LP, a Delaware limited partnership.

Unless stated otherwise or the context otherwise requires, references in this report to:

- "Summit REIT" mean Summit Hotel Properties, Inc., a Maryland corporation;
- "Summit OP" or "our operating partnership" mean Summit Hotel OP, LP, a Delaware limited partnership, our operating partnership, and its consolidated subsidiaries; and
- "we," "our," "us," "our company" or "the company" mean Summit REIT, Summit OP and their consolidated subsidiaries taken togethe as one company. When this report discusses or refers to activities occurring prior to February 14, 2011, the date on which our operation commenced, these references refer to Summit Hotel Properties, LLC, our predecessor.

Summit REIT is the sole member of Summit Hotel GP, LLC, a Delaware limited liability company, which is the sole general partner (the "General Partner") of Summit OP. Effective as of February 14, 2011, our predecessor merged with and into Summit OP, with the former members of our predecessor exchanging their membership interests in our predecessor for common units of partnership interest of Summit OP ("Common Units") and Summit OP succeeding to the business and assets of our predecessor. Also on February 14, 2011, Summit REIT completed its initial public offering ("IPO") and a concurrent private placement of its common stock and contributed the net proceeds of the IPO and concurrent private placement to Summit OP in exchange for Common Units. On October 28, 2011, Summit REIT completed a follow-on public offering of 2,000,000 shares of its 9.25% Series A cumulative redeemable preferred stock ("Series A Preferred Stock"). As of December 31, 2011, Summit REIT owned approximately 73% of the issued and outstanding Common Units, including the sole general partnership interest held by the General Partner. As of December 31, 2011, Summit REIT owned all of the issued and outstanding 9.25% Series A Cumulative Redeemable Preferred Units of Summit OP ("Series A Preferred Units"). As the sole member of the General Partner, Summit REIT has exclusive control of Summit OP's day-to-day management. The remaining Common Units in Summit OP are owned by third parties, including the former members of our predecessor.

We believe combining the Annual Reports on Form 10-K of Summit REIT and Summit OP into this single report provides the following benefits:

- it enhances investors' understanding of Summit REIT and Summit OP by enabling investors to view the business as a whole in the sam manner as management views and operates the business;
- it eliminates duplicative disclosure and provides a more streamlined and readable presentation since a substantial portion of the disclosure applies to both Summit REIT and Summit OP; and
- it creates time and cost efficiencies for both companies through the preparation of one combined report instead of two separate reports.

We believe it is important to understand the few differences between Summit REIT and Summit OP in the context of how Summit REIT and Summit OP operate as a consolidated company. Summit REIT intends to elect to be taxed as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended (the "Code"), commencing with its short taxable year ended December 31, 2011 upon filing its federal income tax return for that year.

As of December 31, 2011, Summit REIT's only material assets were its ownership of Common Units and Series A Preferred Units of Summit OP and its ownership of the membership interests in the General Partner. As a result, Summit REIT does not conduct business itself, other than controlling, through the General Partner, Summit OP, raising capital through issuances of equity securities from time to time and guaranteeing certain debt of Summit OP and its subsidiaries. Summit OP and its subsidiaries hold all the operating assets of the consolidated company. Except for net proceeds from securities issuances by Summit REIT, which are contributed to Summit OP in exchange for partnership units of Summit OP, Summit OP and its subsidiaries generate capital from the operation of our business and through borrowings and the issuance of partnership units of Summit OP.

Stockholders' equity, partners' capital and noncontrolling interests are the main areas of difference between the consolidated financial statements of Summit REIT and those of Summit OP. As of December 31, 2011, Summit OP's capital interests include Common Units, representing general and limited partnership interests, and Series A Preferred Units, representing limited partnership interests. The Common Units owned by limited partners other than Summit REIT and its subsidiaries are accounted for in partners' capital in Summit OP's consolidated financial statements and (within stockholders' equity) as noncontrolling interests in Summit REIT's consolidated financial statements.

In order to highlight the differences between Summit REIT and Summit OP, there are sections in this report that separately discuss Summit REIT and Summit OP, including separate financial statements and notes thereto and separate Exhibit 31 and Exhibit 32 certifications. In the sections that combine disclosure for Summit REIT and Summit OP (i.e., where the disclosure refers to the consolidated company), this report refers to actions or holdings as our actions or holdings and, unless otherwise indicated, means the actions or holdings of Summit REIT and Summit OP and their respective subsidiaries, as one consolidated company.

As the sole member of the General Partner, Summit REIT consolidates Summit OP for financial reporting purposes, and Summit REIT does not have assets other than its investment in the General Partner and Summit OP. Therefore, while stockholders' equity and partners' capital differ as discussed above, the assets and liabilities of Summit REIT and Summit OP are the same on their respective financial statements.

Finally, we refer to a number of other entities in this report as follows. Unless the context otherwise requires or indicates, references to

- "the LLC" refer to Summit Hotel Properties, LLC and references to "our predecessor" refer to the LLC and its consolidated subsidiaries including Summit Group of Scottsdale, Arizona, LLC ("Summit of Scottsdale");
- "our TRSs" refer to Summit Hotel TRS, Inc., a Delaware corporation, Summit Hotel TRS II, Inc., a Delaware corporation, and any other taxable REIT subsidiaries ("TRSs") that we may form in the future;
- "our TRS lessees" refer to the wholly owned subsidiaries of our TRSs that lease our hotels from our operating partnership or subsidiaries of our operating partnership.
- "The Summit Group" refer to The Summit Group, Inc., our predecessor's hotel management company, Company Manager and Class C Member, which is wholly owned by our Executive Chairman, Kerry W. Boekelheide.

ANNUAL REPORT ON FORM 10-K
FISCAL YEAR ENDED DECEMBER 31, 2011
SUMMIT HOTEL PROPERTIES, INC.
SUMMIT HOTEL OP, LP

TABLE OF CONTENTS

CAUTIONARY STATEMENT ABOUT FORWARD-LOOKING STATEMENTS

This report, together with other statements and information publicly disseminated by us, contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and include this statement for purposes of complying with these safe harbor provisions. Forward-looking statements, which are based on certain assumptions and describe our future plans, strategies and expectations, are generally identifiable by use of the words "believe," "expect," "intend," "anticipate," "estimate," "plan," "continue," "project" or similar expressions. Forward-looking statements in this report include, among others, statements about our business strategy, including acquisition and development strategies, industry trends, estimated revenue and expenses, ability to realize deferred tax assets and expected liquidity needs and sources (including capital expenditures and the ability to obtain financing or raise capital). You should not rely on forward-looking statements since they involve known and unknown risks, uncertainties and other factors that are, in some cases, beyond our control and which could materially affect actual results, performances or achievements. Factors that may cause actual results to differ materially from current expectations include, but are not limited to:

- financing risks, including the risk of leverage and the corresponding risk of default on our mortgage loans and other debt and potential inability to refinance or extend the maturity of existing indebtedness;
- national, regional and local economic conditions;
- levels of spending in the business, travel and leisure industries, as well as consumer confidence;
- declines in occupancy, average daily rate and revenue per available room and other hotel operating metrics;
- hostilities, including future terrorist attacks, or fear of hostilities that affect travel;
- financial condition of, and our relationships with, third-party property managers, franchisors and hospitality joint venture partners;
- the degree and nature of our competition;
- increased interest rates and operating costs;
- risks associated with potential acquisitions, including the ability to ramp up and stabilize newly acquired hotels with limited or no operating history, and dispositions of hotel properties;
- availability of and our ability to retain qualified personnel;
- our failure to maintain our qualification as a REIT under the Internal Revenue Code of 1986, as amended, or the Code;
- changes in our business or investment strategy;
- availability, terms and deployment of capital;
- general volatility of the capital markets and the market price of our shares of common stock;
- environmental uncertainties and risks related to natural disasters;
- changes in real estate and zoning laws and increases in real property tax rates; and
- the other factors discussed under the heading "Risk Factors" in this report.

Accordingly, there is no assurance that our expectations will be realized. Except as otherwise required by the federal securities laws, we disclaim any obligations or undertaking to publicly release any updates or revisions to any forward-looking statement contained herein (or elsewhere) to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

PART I

Item 1. Business.

Overview

We are a self-managed hotel investment company that was organized in June 2010 to continue and expand the existing hotel investment business of our predecessor, Summit Hotel Properties, LLC, a leading U.S. hotel owner. We focus on acquiring and owning premium-branded select-service hotels in the upper midscale and upscale segments of the U.S. lodging industry, as these segments are currently defined by Smith Travel Research ("STR"). We completed our IPO, a concurrent private placement of our common stock and our formation transactions on February 14, 2011, netting approximately $240.8 million from the IPO and concurrent private placement, after underwriting discounts and the payment by us of offering-related costs.

As of December 31, 2011, our hotel portfolio consisted of 70 hotels with a total of 7,095 guestrooms located in 19 states. Based on the total number of rooms, 49.3% of our portfolio is positioned in the top 50 metropolitan statistical areas ("MSAs") and 72.2% is located within the top 100 MSAs as of December 31, 2011.

At December 31, 2011, the majority of our hotels operate under premium franchise brands owned by Marriott International, Inc. ("Marriott") (Courtyard by Marriott ®, Residence Inn by Marriott ®, SpringHill Suites by Marriott ®, Fairfield Inn by Marriott ®, Fairfield Inn and Suites by Marriott ®, and TownePlace Suites by Marriott ®), Hilton Worldwide ("Hilton") (DoubleTree by Hilton ®, Hampton Inn ®, Hampton Inn & Suites ®, Homewood Suites ® and Hilton Garden Inn ®), Intercontinental Hotel Group ("IHG") (Holiday Inn ®, Holiday Inn Express ®, Holiday Inn Express and Suites ® and Staybridge Suites ®) and an affiliate of Hyatt Hotels Corporation ("Hyatt") (Hyatt Place ®). Our franchise mix, by total number of rooms, consists of Marriott (2,953 rooms, or 41.6%), Hilton (1,671 rooms, or 23.6%), IHG (1,088 rooms, or 15.3%), Hyatt (556 rooms, or 7.8%) and others (827 rooms, or 11.7%). Smith Travel Research classifies 28 of our hotels within the "upscale" segment, 34 of our hotels within the "upper midscale" segment, and eight of our hotels in the "midscale" segment.

Our corporate offices are located at 2701 South Minnesota Avenue, Suite 6, Sioux Falls, South Dakota 57105. Our telephone number is (605) 361-9566. Our website is *www.shpreit.com* . The information contained on, or accessible through, our website is not incorporated by reference into this report and should not be considered a part of this report.

Development of Business

Summit REIT was formed June 30, 2010 as a Maryland corporation. On February 14, 2011, we closed our IPO and a concurrent private placement and sold a total of 27,274,000 shares of common stock.

We conduct substantially all of our business through our operating partnership, which was formed on June 30, 2010 as a Delaware limited partnership. Effective February 14, 2011, our predecessor merged with and into our operating partnership (the "Merger") with our operating partnership as the surviving entity and succeeding to the business and ownership of the 65 hotels owned by our predecessor. At the effective time of the Merger, the outstanding membership interests in our predecessor were converted into, and cancelled in exchange for, Common Units and the members of our predecessor were admitted as limited partners of our operating partnership. Also effective February 14, 2011, The Summit Group contributed its Class B membership interest in Summit of Scottsdale, which owns two hotels in Scottsdale, Arizona, to our operating partnership and an unaffiliated third-party investor contributed its Class C membership interest in Summit of Scottsdale to our operating partnership. We refer to these transactions as the "formation transactions."

We intend to elect to be taxed as a REIT for federal income tax purposes commencing with our short taxable year ended December 31, 2011 upon filing our federal income tax return for that year. To qualify as a REIT, we cannot operate or manage our hotels. Accordingly, we lease all but one of our hotels to our TRS lessees. The remaining hotel is owned by a wholly owned subsidiary of one of our TRSs. All of our hotels are operated pursuant to hotel management agreements with third party hotel management companies.

As of December 31, 2011, our TRS lessees have engaged Interstate Management Company ("Interstate") and its affiliate to operate and manage 69 of our 70 hotels pursuant to a hotel management agreement, and have engaged one other third-party hotel management company to operate and manage one of our hotels. We may engage other third-party hotel management companies to operate and manage other hotels in the future.

Business Strategy

Our strategy focuses on maximizing the cash flow of our portfolio through focused asset management, targeted capital investment and opportunistic acquisitions. Our primary objective is to enhance stockholder value over time by generating strong risk-adjusted returns for our stockholders. The key elements of our strategy that we believe will allow us to create long-term value are as follows:

Focus on Premium-Branded Limited-Service and Select-Service Hotels . We focus on hotels in the upper midscale and upscale segments of the lodging industry. We believe that our focus on these segments provides us the opportunity to achieve strong risk-adjusted returns across multiple lodging cycles for several reasons, including:

- *RevPAR Growth* . We believe our hotels will continue to experience meaningful revenue growth to the extent lodging industry fundamentals recover from the economic recession which caused industry-wide RevPAR to suffer a combined 18.4% decline in 2008 and 2009, according to Smith Travel Research. Industry conditions improved during 2011. PricewaterhouseCoopers, LLP projects RevPAR growth increases in 2012 for upscale hotels, upper midscale hotels and midscale hotels of 7.4%, 5.8% and 4.5%, respectively.

- *Stable Cash Flow Potential* . Our hotels can be operated with fewer employees than full-service hotels that offer more expansive food and beverage options, which we believe enables us to generate consistent cash flows with less volatility resulting from reductions in RevPAR and less dependence on group travel.

- *Broad Customer Base* . Our target brands deliver consistently high-quality hotel accommodations with value-oriented pricing that we believe appeals to a wide range of customers, including both business and leisure travelers. We believe that our hotels are particularly popular with frequent business travelers who seek to stay in hotels operating under Marriott, Hilton, Hyatt or IHG brands, which offer strong loyalty rewards program points that can be redeemed for family travel.

- *Enhanced Diversification* . Premium-branded upscale and upper midscale assets generally cost significantly less, on a per-key basis, than hotels in the upper upscale and luxury segments of the industry. As a result, we can diversify our investment capital into ownership of a larger number of hotels than we could in more expensive segments.

Capitalize on Investments in Our Hotels . We strongly believe in investing in our properties to help them be competitive in their respective markets. Since our IPO, we have invested $28.9 million in capital improvements to the hotels in our portfolio, including the 65 hotels in our portfolio at the time of our IPO and the five hotels acquired during 2011. We believe these investments produce attractive returns, thus, we will continue to rebrand, upgrade and renovate our hotels.

Acquire Hotels in Attractive Transaction Landscape . We believe that the significant decline in lodging fundamentals from 2008 through early 2010 and the resultant declines in cash flows has created a difficult environment for hotel owners lacking ready access to financing or suffering from reduced cash flows. As a result, we believe that the significant number of hotel properties that experienced substantial declines in operating cash flow, coupled with continued tight credit markets, near-term debt maturities and, in some instances, covenant defaults relating to outstanding indebtedness, will continue to present attractive investment opportunities to acquire hotel properties at prices below replacement cost and with substantial appreciation potential. We intend to continue to grow through acquisitions of existing hotels using a disciplined approach while maintaining a prudent capital structure. We target upper midscale and upscale hotels that meet one or more of the following acquisition criteria:

- have potential for strong risk-adjusted returns located in the top 50 MSAs, with a secondary focus on the next 100 markets;
- operate under leading franchise brands, which may include but are not limited to brands owned by Marriott, Hilton, IHG and Hyatt;
- are located in close proximity to multiple demand generators, including businesses and corporate headquarters, retail centers, airports, medical facilities, tourist attractions and convention centers, with a diverse source of potential guests, including corporate, government and leisure travelers;
- are located in markets exhibiting barriers to entry due to strong franchise areas of protection or other factors;
- can be acquired at a discount to replacement cost; and
- provide an opportunity to add value through operating efficiencies, repositioning, renovating or rebranding.

Selectively Develop Hotels . We believe there will be attractive opportunities to partner on a selective basis with experienced hotel developers to acquire upon completion newly constructed hotels that meet our investment criteria.

Strategic Hotel Sales. A primary part of our strategy is to acquire and own hotels. However, consistent with our strategy of maximizing the cash flow of our portfolio and our return on invested capital, we periodically review our hotels to determine if any significant changes to area markets or our hotels have occurred or are anticipated to occur that would warrant the sale of a particular hotel.

Our Financing Strategy

We maintain a prudent capital structure. While the ratio will vary from time to time, we generally intend to limit our ratio of indebtedness to earnings before interest, taxes, depreciation and amortization ("EBITDA") to no more than six to one. For purposes of calculating this ratio we exclude preferred stock from indebtedness. During 2011 we financed our long-term growth with common and preferred equity issuances and debt financing having staggered maturities, and intend to continue to do so in the future. Our debt includes, and may include in the future, mortgage debt secured by hotels and unsecured debt.

When purchasing hotel properties, we may issue Common Units as full or partial consideration to sellers who may desire to take advantage of tax deferral on the sale of a hotel or participate in the potential appreciation in value of our common stock.

Competition

We face competition for investments in hotel properties from institutional pension funds, private equity investors, REITs, hotel companies and others who are engaged in hotel acquisitions and investments. Some of these entities have substantially greater financial and operational resources than we have. This competition may increase the bargaining power of property owners seeking to sell, reduce the number of suitable investment opportunities available to us and increase the cost of acquiring our targeted hotel properties.

The lodging industry is highly competitive. Our hotels compete with other hotels for guests in their respective markets based on a number of factors, including location, convenience, brand affiliation, room rates, range of services and guest amenities or accommodations offered and quality of customer service. Competition is often specific to the individual markets in which our hotels are located and includes competition from existing and new hotels. Competition could adversely affect our occupancy rates ("occupancy"), our average daily rates ("ADR") and our revenue per available room ("RevPAR"), and may require us to provide additional amenities or make capital improvements that we otherwise would not have to make, which may reduce our profitability.

Seasonality

Certain segments of the hotel industry are seasonal in nature. Leisure travelers tend to travel more during the summer. Business travelers occupy hotels relatively consistently throughout the year, but decreases in business travel occur during summer and the winter holidays. The hotel industry is also seasonal based upon geography. Hotels in the southern U.S. tend to have higher occupancy rates during the winter months. Hotels in the northern U.S. tend to have higher occupancy rates during the summer months.

Due to our portfolio's geographic diversification, our revenue has not experienced significant seasonality. For the year ended December 31, 2011, we received 22.4% of our total revenue in the first quarter, 25.9% in the second quarter, 28.4% in the third quarter and 23.2% in the fourth quarter. For the year ended December 31, 2010, our predecessor received 23.1% of its total revenue in the first quarter, 26.4% in the second quarter, 27.7% in the third quarter and 22.7% in the fourth quarter.

Regulation

Our properties are subject to various covenants, laws, ordinances and regulations, including regulations relating to accessibility, fire and safety requirements. We believe each of our hotels has the necessary permits and approvals to operate its business.

Americans with Disabilities Act

Our properties must comply with Title III of the ADA to the extent that they are "public accommodations" as defined by the ADA. Under the ADA, all public accommodations must meet federal requirements related to access and use by disabled persons. The ADA may require removal of structural barriers to access by persons with disabilities in certain public areas of our properties where removal is readily achievable. Although we believe the properties in our portfolio substantially comply with present requirements of the ADA, we have not conducted a comprehensive audit or investigation of all of our properties to determine our compliance, and we are aware that some particular properties may currently be in non-compliance with the ADA. Noncompliance with the ADA could result in the incurrence of additional costs to attain compliance. The obligation to make readily achievable accommodations is an ongoing one, and we will continue to assess our properties and to make alterations as appropriate in this respect.

Environmental, Health and Safety Matters

Our hotels and development parcels are subject to various federal, state and local environmental laws that impose liability for contamination. Under these laws, governmental entities have the authority to require us, as the current owner of property, to perform or pay for the cleanup of contamination (including hazardous substances, waste, or petroleum products) at, on, under or emanating from the property and to pay for natural resource damages arising from contamination. These laws often impose liability without regard to whether the owner or operator or other responsible party knew of, or caused the contamination, and the liability may be joint and several. Because these laws also impose liability on persons who owned a property at the time it became contaminated, we could incur cleanup costs or other environmental liabilities even after we sell properties. Contamination at, on, under or emanating from our properties also may expose us to liability to private parties for costs of remediation, personal injury and death and/or property damage. In addition, environmental liens may be created on contaminated sites in favor of the government for damages and costs it incurs to address contamination. If contamination is discovered on our properties, environmental laws also may impose restrictions on the manner in which property may be used or businesses may be operated, and these restrictions may require substantial expenditures. Moreover, environmental contamination can affect the value of a property and, therefore, an owner's ability to borrow funds using the property as collateral or to sell the property on favorable terms or at all. Furthermore, persons who sent waste to a waste disposal facility, such as a landfill or an incinerator, may be liable for costs associated with cleanup of that facility.

Some of our properties may have contained historic uses which involved the use and/or storage of hazardous chemicals and petroleum products (for example, storage tanks, gas stations, dry cleaning operations) which, if released, could have affected our properties. In addition, some of our properties may be near or adjacent to other properties that have contained or currently contain storage tanks containing petroleum products or conducted or currently conduct operations which utilize other hazardous or toxic substances. Releases from these adjacent or surrounding properties could affect our properties and we may be liable for any associated cleanup.

Independent environmental consultants conducted Phase I environmental site assessments on all of our properties prior to acquisition and we intend to conduct Phase I environmental site assessments on properties we acquire in the future. Phase I site assessments are intended to discover and evaluate information regarding the environmental condition of the surveyed properties and surrounding properties. These assessments do not generally include soil sampling, subsurface investigations or comprehensive asbestos surveys. In some cases, the Phase I environmental site assessments were conducted by another entity (i.e., a lender) and we may not have the authority to rely on such reports. Except for our Bloomington, Minnesota hotels, and our Country Inn & Suites hotel located in San Antonio, Texas, none of the Phase I environmental site assessments of the hotel properties in our portfolio revealed any past or present environmental condition that we believe could have a material adverse effect on our business, assets or results of operations. Soil and groundwater contamination at the site of our Bloomington, Minnesota hotels was voluntarily remediated by our predecessor to the satisfaction of the Minnesota Pollution Control Agency. A material liability could arise in the future if the contamination at the site of the Bloomington, Minnesota hotels affected third parties or an adjacent property if the Minnesota agency requires further clean-up or if our predecessor's clean-up does not satisfy the U.S. Environmental Protection Agency. Soil and groundwater contamination was also identified in an undeveloped portion of our property adjacent to our Country Inn & Suites hotel located in San Antonio, Texas. The property was sampled on two occasions, after which our environmental consultant recommended no further action unless the contaminated soil was disturbed. A material liability could arise in the future if the contamination affects an adjacent property or if we are required to remediate it. In addition, the Phase I environmental site assessments may also have failed to reveal all environmental conditions, liabilities or compliance concerns. The Phase I environmental site assessments were completed at various times and material environmental conditions, liabilities or compliance concerns may have arisen after the review was completed or may arise in the future; and future laws, ordinances or regulations may impose material additional environmental liability.

In addition, our hotels (including our real property, operations and equipment) are subject to various federal, state and local environmental, health and safety regulatory requirements that address a wide variety of issues, including, but not limited to, the registration, maintenance and operation of our boilers and storage tanks, the supply of potable water to our guests, air emissions from emergency generators, storm water and wastewater discharges, protection of natural resources, asbestos, lead-based paint, mold and mildew, and waste management. Some of our hotels also routinely handle and use hazardous or regulated substances and wastes as part of their operations, which are subject to regulation (for example, swimming pool chemicals or biological waste). Our hotels incur costs to comply with these environmental, health and safety laws and regulations and if these regulatory requirements are not met or unforeseen events result in the discharge of dangerous or toxic substances at our hotels, we could be subject to fines and penalties for non-compliance with applicable laws and material liability from third parties for harm to the environment, damage to real property or personal injury and death. We are aware of no past or present environmental liability for non-compliance with environmental, health and safety laws and regulations that we believe would have a material adverse effect on our business, assets or results of operations.

Certain hotels we currently own or those we acquire in the future contain, may contain, or may have contained, asbestos containing materials ("ACM"). Environmental, health and safety laws require that ACM be properly managed and maintained, and include requirements to undertake special precautions, such as removal or abatement, if ACM would be disturbed during maintenance, renovation, or demolition of a building. These laws regarding ACM may impose fines and penalties on building owners, employers and operators for failure to comply with these requirements or expose us to third-party liability.

When excessive moisture accumulates in buildings or on building materials, mold growth may occur, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Indoor air quality issues can also stem from inadequate ventilation, chemical contamination from indoor or outdoor sources, and other biological contaminants such as pollen, viruses and bacteria. Indoor exposure to airborne toxins or irritants above certain levels can be alleged to cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne contaminants at any of our properties could require us to undertake a costly remediation program to contain or remove the mold or other airborne contaminants from the affected property or increase indoor ventilation. In addition, the presence of significant mold or other airborne contaminants could expose us to material liability from third parties if property damage or personal injury occurs. We are not presently aware of any indoor air quality issues at our properties that would result in a material adverse effect on our business, assets or results of operations.

Tax Status

We intend to elect to be taxed as a REIT for federal income tax purposes commencing with our short taxable year ended December 31, 2011 upon filing our federal income tax return for that year. Our qualification as a REIT depends upon our ability to meet, on a continuing basis, through actual investment and operating results, various complex requirements under the Code relating to, among other things, the sources of our gross income, the composition and values of our assets, our distribution levels and the diversity of ownership of our shares of beneficial interest. We believe that we were organized and have operated in conformity with the requirements for qualification as a REIT under the Code and that our current and intended manner of operation will enable us to continue to meet the requirements for qualification and taxation as a REIT for federal income tax purposes for our taxable year ending December 31, 2012 and continuing thereafter.

In order for the income from our hotel operations to constitute "rents from real property" for purposes of the gross income tests required for REIT qualification, we cannot directly operate any of our hotel properties. Accordingly, we lease all but one of our hotels to our TRS lessees. The remaining hotel is owned by a wholly owned subsidiary of one of our TRSs.

Our TRS lessees pay rent to us that will qualify as "rents from real property," provided that the TRS lessees engage "eligible independent contractors" to manage our hotels. A TRS is a corporate subsidiary of a REIT that jointly elects with the REIT to be treated as a TRS of the REIT and that pays federal income tax at regular corporate rates on its taxable income. All of our hotels are operated pursuant to hotel management agreements with independent hotel management companies. We believe each of the third party managers qualifies as an eligible independent contractor.

As a REIT, we generally will not be subject to federal income tax on our REIT taxable income that we distribute currently to our shareholders. Under the Code, REITs are subject to numerous organizational and operational requirements, including a requirement that they distribute each year at least 90% of their taxable income, determined without regard to the deduction for dividends paid and excluding any net capital gains. If we fail to qualify for taxation as a REIT in any taxable year and do not qualify for certain statutory relief provisions, our income for that year will be taxed at regular corporate rates, and we will be disqualified from taxation as a REIT for the four taxable years following the year during which we ceased to qualify as a REIT. Even if we qualify as a REIT for federal income tax purposes, we may still be subject to state and local taxes on our income and assets and to federal income and excise taxes on our undistributed income. Additionally, any income earned by our TRSs will be fully subject to federal, state and local corporate income tax.

Employees

We currently employ 18 full-time employees. None of our employees is a member of any union. The staff at our hotels are employed by our third-party hotel managers.

Available Information

Our Internet website is located at www.shpreit.com . Copies of the charters of the committees of our board of directors, our code of business conduct and ethics and our corporate governance guidelines are available on our website. All reports that we have filed with the Securities and Exchange Commission ("SEC") including this Annual Report on Form 10-K and our current reports on Form 8-K, can be obtained free of charge from the SEC's website at www.sec.gov or through our website. In addition, all reports filed with the SEC may be read and copied at the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549-1090. Further information regarding the operation of the public reference room may be obtained by calling the SEC at 1-800-SEC-0330.

Item 1A. Risk Factors.

The following risk factors address the material risks concerning our business. If any of the risks discussed in this report were to occur, our business, prospects, financial condition, results of operation and our ability to service our debt and make distributions to our stockholders could be materially and adversely affected and the market price per share of our common stock could decline significantly. Some statements in this report, including statements in the following risk factors, constitute forward-looking statements. Please refer to the section entitled "Cautionary Statement Regarding Forward-Looking Statements."

Risks Related to Our Business

Our business strategy includes achieving revenue and net income growth from anticipated increases in demand for hotel rooms — any setback in the economic recovery will adversely affect our future results of operations and our growth prospects.

Our hotel properties experienced declining operating performance across various U.S. markets during the recent economic recession. Our business strategy includes achieving continued revenue and net income growth from anticipated improvement in demand for hotel rooms as the economic recovery continues. We, however, cannot provide any assurances that demand for hotel rooms will increase from current levels, or the time or extent of any demand growth that we do experience. If demand does not continue to increase as the economy recovers, or if there is a setback in the economic recovery resulting in weakening demand, our operating results and growth prospects could be adversely affected. As a result, any delay in the continued economic recovery or new economic downturn will adversely affect our future results of operations and our growth prospects.

We may be unable to complete acquisitions that would grow our business.

Our growth strategy includes the disciplined acquisition of hotels as opportunities arise. Our ability to acquire hotels on satisfactory terms or at all is subject to the following significant risks:

- we may be unable to acquire, or may be forced to acquire at significantly higher prices, desired hotels because of competition from othe real estate investors with more capital, including other real estate operating companies, REITs and investment funds;
- we may be unable to obtain the necessary debt or equity financing to consummate an acquisition or, if obtainable, financing may not be on satisfactory terms; and
- agreements for the acquisition of hotels are typically subject to customary conditions to closing, including satisfactory completion of due diligence investigations, and we may spend significant time and money on potential acquisitions that we do not consummate.

If we cannot complete hotel acquisitions on favorable terms or at all, our business, financial condition, results of operations and cash flow, the market price per share of our common stock and our ability to satisfy our debt service obligations and make distributions to our stockholders could be materially and adversely affected.

We may fail to successfully integrate and operate newly acquired hotels.

Our ability to successfully integrate and operate newly acquired hotels is subject to the following risks:

- we may not possess the same level of familiarity with the dynamics and market conditions of any new markets that we may enter, whic could result in us paying too much for hotels in new markets;
- market conditions may result in lower than expected occupancy and room rates;
- we may acquire hotels without any recourse, or with only limited recourse, for liabilities, whether known or unknown, such as clean-up of environmental contamination, claims by tenants, vendors or other persons against the former owners of the hotels and claims for indemnification by general partners, directors, officers and others indemnified by the former owners of the hotels;

- we may need to spend more than budgeted amounts to make necessary improvements or renovations to our newly acquired hotels; and
- we may be unable to quickly and efficiently integrate new acquisitions, particularly acquisitions of portfolios of hotels, into our existing operations.

If we cannot operate acquired hotels to meet our expectations, our business, financial condition, results of operations and cash flow, the market price per share of our stock and our ability to satisfy our debt service obligations and make distributions to our stockholders could be materially and adversely affected.

The management of the hotels in our portfolio is and will continue to be concentrated in one hotel management company.

As of February 27, 2012, 69 of the 71 of the hotels in our portfolio are operated by Interstate or its affiliate. This significant concentration of operational risk in one hotel management company makes us more vulnerable economically than if our hotel management was diversified with several hotel management companies. Any adverse developments in Interstate's business and affairs, financial strength or ability to operate our hotels efficiently and effectively could have a material adverse effect on our results of operations. We cannot assure you that Interstate will satisfy its obligations to us or effectively and efficiently operate our hotel properties. The failure or inability of Interstate to satisfy its obligations to us or effectively and efficiently operate our hotel properties would materially reduce our revenue and net income, which could in turn reduce the amount of our distributable cash and cause the market price per share of our capital stock to decline.

We may not be able to cause our hotel management companies to operate any of our hotels in a manner satisfactory to us, which could adversely affect our financial condition, results of operations and our ability to service debt and make distributions to our stockholders.

To qualify as a REIT, we cannot operate our hotels. Accordingly, we lease all but one of our hotels to our TRS lessees. The remaining hotel is owned by a wholly owned subsidiary of one of our TRSs. All of our hotels are operated pursuant to hotel management agreements with independent hotel management companies, each of which must qualify as an "eligible independent contractor" to operate our hotels. As a result, our financial condition, results of operations and our ability to service debt and make distributions to stockholders are dependent on the ability of our hotel management companies to operate our hotels successfully. Any failure of our hotel management companies to provide quality services and amenities or maintain a quality brand name and reputation could have a negative effect on their ability to operate our hotels and could have a material and adverse effect on our financial condition, results of operations and our ability to service debt and make distributions to our stockholders.

We cannot and will not control the hotel management companies that operate and are responsible for maintenance and other day-to-day management of our hotels, including, but not limited to, the implementation of significant operating decisions. We cannot assure you that our hotel management companies will manage our properties in a manner that is consistent with their obligations under the management agreements or our obligations under our hotel franchise agreements, that our hotel management companies will not be negligent in their performance or engage in other criminal or fraudulent activity, or that they will not otherwise default on their management obligations to us. If any of the foregoing occurs, our relationships with the franchisors may be damaged and we may then be in breach of the franchise agreements, and we could incur liabilities resulting from loss or injury to our property or to persons at our properties, any of which could have a material adverse effect on our operating results and financial condition, as well as our ability to pay dividends to stockholders.

Even if we believe a hotel is being operated inefficiently or in a manner that does not result in satisfactory operating results, we will have limited ability to require the hotel management company to change its method of operation. We generally attempt to resolve issues with our hotel management companies through discussions and negotiations. However, if we are unable to reach satisfactory results through discussions and negotiations, we may choose to litigate the dispute or submit the matter to third-party dispute resolution or arbitration. We would only be able to seek redress if a hotel management company violates the terms of the applicable hotel management agreement, and then only to the extent of the remedies provided for under the terms of the hotel management agreement. Our hotel managers or their affiliates manage, and in some cases own, have invested in, or provided credit support or operating guarantees to hotels that compete with our hotels, all of which may result in conflicts of interest. As a result, our hotel managers may in the future make decisions regarding competing lodging facilities that are not or would not be in our best interest.

Termination of any of our hotel management agreements may cause us to pay substantial termination fees or to experience significant disruptions at the affected hotels.

If we replace the hotel manager of any of our hotels, we may be required to pay a substantial termination fee and we may experience significant disruptions at the affected hotel. If we experience disruptions at the affected hotel, our financial condition, results of operations and our ability to service debt and make distributions to our stockholders could be materially and adversely affected.

Restrictive covenants and other provisions in hotel management and franchise agreements could preclude us from taking actions with respect to the sale, refinancing or rebranding of a hotel that would otherwise be in our best interest.

Our hotel management agreements and franchise agreements generally contain restrictive covenants and other provisions that do not provide us with flexibility to sell, refinance or rebrand a hotel without the consent of the manager or franchisor. For example, the terms of some of these agreements may restrict our ability to sell a hotel unless the purchaser is not a competitor of the hotel management company or franchisor, assumes the related agreement and meets specified other conditions. In addition, our franchise agreements restrict our ability to rebrand particular hotels without the consent of the franchisor, which could result in significant operational disruptions and litigation if we do not obtain the consent. We could be forced to pay consent or termination fees to hotel managers or franchisors under these agreements as a condition to changing management or franchise brands of our hotels, and these fees could deter us from taking actions that would otherwise be in our best interest or could cause us to incur substantial expense. Funds spent to maintain franchisor operating standards, the loss of a franchise license or a decline in the value of a franchise brand may have a material adverse effect on our business and financial results.

Funds spent to maintain franchisor operating standards, the loss of a franchise license or a decline in the value of a franchise brand may have a material adverse effect on our business and financial results.

Our hotels operate under franchise agreements, and the maintenance of franchise licenses for our hotels is subject to our franchisors' operating standards and other terms and conditions. We expect that franchisors will periodically inspect our hotels to ensure that we, our TRSs and our hotel management companies maintain our franchisors' standards. Failure by us, our TRSs or our hotel management companies to maintain these standards or other terms and conditions could result in a franchise license being canceled. If a franchise license terminates due to our failure to make required improvements or to otherwise comply with its terms, we could also be liable to the franchisor for a termination payment, which varies by franchisor and by hotel. As a condition of our continued holding of a franchise license, a franchisor could also require us to make capital improvements to our hotels, even if we do not believe the improvements are necessary or desirable or would result in an acceptable return on our investment. Nonetheless, we may risk losing a franchise license if we do not make franchisor-required capital improvements.

If a franchisor terminated a franchise license, we could try either to obtain a suitable replacement franchise or to operate the hotel without a franchise license. The loss of a franchise license could materially and adversely affect the operations or the underlying value of the hotel because of the loss of associated name recognition, marketing support and centralized reservation systems provided by the franchisor. A loss of a franchise license for one or more hotels, particularly if our hotels become concentrated in a limited number of franchise brands in the future, could materially and adversely affect our revenue. This loss of revenue could, therefore, also adversely affect our financial condition, results of operations and ability to service debt and make distributions to our stockholders.

Negative publicity related to one of the franchise brands or the general decline of a brand also may adversely affect the underlying value of our hotels or result in a reduction in business.

We rely on external sources of capital to fund future capital needs, and if we encounter difficulty in obtaining such capital, we may not be able to make future acquisitions necessary to grow our business or meet maturing obligations.

In order to qualify as a REIT under the Code, we are required, among other things, to distribute each year to our stockholders at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gain. Because of this distribution requirement, we may not be able to fund, from cash retained from operations, all of our future capital needs, including capital needed to make investments and to satisfy or refinance maturing obligations.

We expect to rely on external sources of capital, including debt and equity financing, to fund future capital needs. Part of our strategy involves the use of additional debt financing to supplement our equity capital which may include our secured credit facility and mortgage financing. Our ability to effectively implement and accomplish our business strategy will be affected by our ability to obtain and utilize additional leverage in sufficient amounts and on favorable terms. However, the capital environment is often characterized by extended periods of limited availability of both debt and equity financing, increasing costs, stringent credit terms and significant volatility. We may not be able to secure first mortgage financing or increase the availability under our secured credit facility. If we are unable to obtain needed capital on satisfactory terms or at all, we may not be able to make the investments needed to expand our business, or to meet our obligations and commitments as they mature. Our access to capital will depend upon a number of factors over which we have little or no control, including general market conditions, the market's perception of our current and potential future earnings and cash distributions and the market price of the shares of our stock. We may not be in a position to take advantage of attractive investment opportunities for growth if we are unable to access the capital markets on a timely basis on favorable terms.

We have a significant amount of debt, and our organizational documents have no limitation on the amount of additional indebtedness that we may incur in the future. As a result, we may become highly leveraged in the future, which could adversely affect our financial condition.

We have a significant amount of debt. In the future, we may incur additional indebtedness to finance future hotel acquisitions and development activities and other corporate purposes. In addition, there are no restrictions in our charter or bylaws that limit the amount or percentage of indebtedness that we may incur or restrict the form in which our indebtedness will be incurred (including recourse or non-recourse debt or cross-collateralized debt).

A substantial level of indebtedness could have adverse consequences for our business, results of operations and financial condition because it could, among other things:

- require us to dedicate a substantial portion of our cash flow from operations to make principal and interest payments on our indebtedness, thereby reducing our cash flow available to fund working capital, capital expenditures and other general corporate purposes, including to pay dividends on our common stock and our preferred stock as currently contemplated or necessary to satisfy the requirements for qualification as a REIT;
- increase our vulnerability to general adverse economic and industry conditions and limit our flexibility in planning for, or reacting to, changes in our business and our industry;
- limit our ability to borrow additional funds or refinance indebtedness on favorable terms or at all to expand our business or ease liquidity constraints; and
- place us at a competitive disadvantage relative to competitors that have less indebtedness.

Generally, our term debt carries maturity dates or call dates such that the loans become due prior to their full amortization. We have approximately $28.5 million of debt that matures prior to December 31, 2013. It may be difficult to refinance such loans on terms acceptable to us, or at all, and we may not have sufficient borrowing capacity on our revolving credit facility to repay the maturing debt using draws on that facility for amounts that we are unable to refinance. Although we believe that we will be able to refinance these loans, or will have the capacity to repay them, if necessary, using draws under our revolving credit facility, there can be no assurance that our revolving credit facility will be available to repay such maturing debt, as draws under our credit facility are subject to borrowing base limitations and certain financial covenants.

The agreements governing our indebtedness place restrictions on us and our subsidiaries, reducing operational flexibility and creating default risks.

The agreements governing our $125.0 million secured revolving credit facility and other indebtedness contain covenants that place restrictions on us and our subsidiaries. These covenants may restrict, among other activities, our and our subsidiaries' ability to:

- merge, consolidate or transfer all or substantially all of our or our subsidiaries' assets;

- sell, transfer, pledge or encumber our stock or the ownership interests of our subsidiaries;
- incur additional debt or issue preferred stock;
- enter into, terminate or modify leases for our hotels and hotel management and franchise agreements;
- make certain expenditures, including capital expenditures;
- pay dividends on or repurchase our capital stock; and
- enter into certain transactions with affiliates.

These covenants could impair our ability to grow our business, take advantage of attractive business opportunities or successfully compete. Our ability to comply with financial and other covenants may be affected by events beyond our control, including prevailing economic, financial and industry conditions. A breach of any of these covenants or covenants under any other agreements governing our indebtedness could result in an event of default. Cross-default provisions in our debt agreements could cause an event of default under one debt agreement to trigger an event of default under our other debt agreements. Upon the occurrence of an event of default under any of our debt agreements, the lenders could elect to declare all outstanding debt under such agreements to be immediately due and payable. If we were unable to repay or refinance the accelerated debt, the lenders could proceed against any assets pledged to secure that debt, including foreclosing on or requiring the sale of our hotels, and the proceeds from the sale of these hotels may not be sufficient to repay such debt in full.

Mortgage debt obligations expose us to the possibility of foreclosure, which could result in the loss of our investment in any hotel subject to mortgage debt.

Borrowings under our $125.0 million secured revolving credit facility are, and all of our other debt existing as of December 31, 2011 is, secured by mortgages on our hotel properties and related assets. Incurring mortgage and other secured debt obligations increases our risk of property losses because defaults on secured indebtedness may result in foreclosure actions initiated by lenders and ultimately our loss of the hotels securing any loans for which we are in default. If we are in default under a cross-defaulted mortgage loan, we could lose multiple hotels to foreclosure. For tax purposes, a foreclosure of any of our hotels would be treated as a sale of the hotel for a purchase price equal to the outstanding balance of the debt secured by the mortgage. If the outstanding balance of the debt secured by the mortgage exceeds our tax basis in the hotel, we would recognize taxable income on foreclosure, but would not receive any cash proceeds, which could hinder our ability to meet the REIT distribution requirements imposed by the Code. We may assume or incur new mortgage indebtedness on the hotels in our portfolio or hotels that we acquire in the future. Any default under any one of our mortgage debt obligations may increase the risk of our default on our other indebtedness.

An increase in interest rates would increase our interest costs on our variable rate debt and could adversely affect our ability to refinance existing debt or sell assets.

A significant portion of our indebtedness is subject to variable interest rates. An increase in interest rates would increase our interest payments and reduce our cash flow available for other corporate purposes, including capital improvements to our hotels or acquisitions of additional hotels. In addition, rising interest rates could limit our ability to refinance existing debt when it matures and increase interest costs on any debt that is refinanced. Further, an increase in interest rates could increase the cost of financing, thereby decreasing the amount third parties are willing to pay for our hotels, which would limit our ability to dispose of hotels when necessary or desired. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Qualitative and Quantitative Effects of Market Risk.”

Although we have not entered into any hedging arrangements, we may, from time to time, enter into agreements such as interest rate swaps, caps, floors and other interest rate hedging contracts. However, these agreements reduce, but do not eliminate, the effect of rising interest rates, and they also expose us to the risk that other parties to the agreements will not perform or that the agreements will be unenforceable.

We and our hotel managers rely on information technology in our operations, and any material failure, inadequacy, interruption or security failure of that technology could harm our business.

We and our hotel managers rely on information technology networks and systems, including the Internet, to process, transmit and store electronic information, and to manage or support a variety of business processes, including financial transactions and records, personal identifying information, reservations, billing and operating data. We purchase some of our information technology from vendors, on whom our systems depend. We rely on commercially available systems, software, tools and monitoring to provide security for processing, transmission and storage of confidential customer information, such as individually identifiable information, including information relating to financial accounts. Although we have taken steps to protect the security of our information systems and the data maintained in those systems, it is possible that our safety and security measures will not be able to prevent the systems' improper functioning or damage, or the improper access or disclosure of personally identifiable information such as in the event of cyber attacks. Security breaches, including physical or electronic break-ins, computer viruses, attacks by hackers and similar breaches, can create system disruptions, shutdowns or unauthorized disclosure of confidential information. Any failure to maintain proper function, security and availability of our information systems could interrupt our operations, damage our reputation, subject us to liability claims or regulatory penalties and could have a material adverse effect on our business, financial condition and results of operations.

We have limited operating history as a publicly traded REIT and may not be successful in operating as a publicly traded REIT, which may adversely affect our ability to make distributions to our stockholders.

We have limited operating history as a publicly traded REIT. The REIT rules and regulations are highly technical and complex. We cannot assure you that our management team's experience will be sufficient to continue to successfully operate our company as a publicly traded REIT, with appropriate operating and investment policies and comply with Code or Treasury Regulations that are applicable to us. Failure to comply with the income, asset, and other requirements imposed by the REIT rules and regulations could prevent us from qualifying as a REIT, and could force us to pay unexpected taxes and penalties which may adversely affect our ability to make distributions to our stockholders.

Our success depends on key personnel whose continued service is not guaranteed.

We depend on the efforts and expertise of our management team to manage our day-to-day operations and strategic business direction. The loss of services from any of the members of our management team, and our inability to find suitable replacements on a timely basis could have an adverse effect on our operations.

Joint venture investments could be adversely affected by a lack of sole decision-making authority with respect to such investments.

In the future we may enter into strategic joint ventures with unaffiliated investors to acquire, develop, improve or dispose of hotels, thereby reducing the amount of capital required by us to make investments and diversifying our capital sources for growth. We may not have sole decision-making authority with respect to these investments, which may:

- prevent us from taking actions that are opposed by our joint venture partners;
- create impasses on major decisions, such as acquisitions or sales;
- prevent us from selling our interests in the joint venture without the consent of our joint venture partners; or
- subject us to liability for the actions of our joint venture partners.

Joint venture investments could subject us to risks related to the financial condition of joint venture partners.

If a joint venture partner becomes bankrupt or otherwise defaults on its obligations under a joint venture agreement, we and any other remaining joint venture partners would generally remain liable for the joint venture liabilities. Furthermore, if a joint venture partner becomes bankrupt or otherwise defaults on its obligations under a joint venture agreement, we may be unable to continue the joint venture other than by purchasing such joint venture partner's interests or the underlying assets at a premium to the market price. If any of the above risks are realized, it could materially adversely affect our business, financial condition and results of operations and our ability to make distributions to our stockholders.

We may have disputes with joint venture partners.

Disputes between us and our joint venture partners may result in litigation or arbitration which could increase our expenses and prevent our officers and directors from focusing their time and effort on our business and could result in subjecting the hotels owned by the applicable joint venture to additional risks.

Our tax protection agreements may require our operating partnership to maintain certain debt levels that otherwise would not be required to operate our business, which may impair our ability to generate cash available for distribution and otherwise not be in our stockholders' best interests.

Under the tax protection agreements entered into by our operating partnership and certain of its limited partners, including The Summit Group, in connection with our formation transactions, our operating partnership has agreed to provide those limited partners with the opportunity to guarantee debt or enter into a deficit restoration obligation, both of which are intended to cause a special allocation of liabilities to those limited partners to prevent them from recognizing a taxable deemed cash distribution. If our operating partnership fails to make those opportunities available, our operating partnership will be required to deliver to each such limited partner a cash payment intended to approximate that limited partner's tax liability resulting from our operating partnership's failure to make such opportunities available to them. Our operating partnership agreed to these provisions in order to assist those limited partners in avoiding a taxable deemed cash distribution that may have otherwise occurred in connection with the formation transactions. These obligations may require our operating partnership to maintain more or different indebtedness than would otherwise have been required for our business, which could result in higher interest expense than we would prefer to incur, reducing cash available for distribution to stockholders.

Risks Related to the Lodging Industry

Economic conditions may adversely affect the lodging industry.

The performance of the lodging industry has historically been closely linked to the performance of the general economy and, specifically, growth in U.S. gross domestic product ("GDP"). The lodging industry is also sensitive to business and personal discretionary spending levels. Declines in corporate budgets and consumer demand due to adverse general economic conditions, risks affecting or reducing travel patterns, lower consumer confidence or adverse political conditions can lower the revenue and profitability of our assets and therefore the net operating profits of our investments. The recent economic downturn led to a significant decline in demand for products and services provided by the lodging industry, but hotel demand has experienced a steady improvement beginning in early 2010. A slowing of the current economic recovery or new economic weakness could have an adverse effect on our revenue and negatively affect our profitability.

Competition from other upscale and upper midscale hotels in the markets in which we operate could have a material adverse effect on our results of operations.

The lodging industry is highly competitive. Our hotels compete with other hotels for guests in each market in which our hotels operate based on a number of factors, including location, convenience, brand affiliation, room rates, range of services and guest amenities or accommodations offered and quality of customer service. Competition will often be specific to the individual markets in which our hotels are located and includes competition from existing and new hotels. Our competitors may have an operating model that enables them to offer rooms at lower rates than we can, which could result in our competitors increasing their occupancy at our expense. Competition could adversely affect our occupancy, ADR and RevPAR, and may require us to provide additional amenities or make capital improvements that we otherwise would not have to make, which could reduce our profitability and could materially and adversely affect our results of operations.

Our investment opportunities and growth prospects may be affected by competition for investment opportunities.

We compete for investment opportunities with other entities, some of which have substantially greater financial resources than we do. This competition may generally limit the number of suitable investment opportunities offered to us, which may limit our ability to grow. This competition may also increase the bargaining power of the owners of assets seeking to sell to us, making it more difficult for us to acquire new hotels on attractive terms or at all.

Our operating results and ability to make distributions to our stockholders may be adversely affected by the markets in which we operate.

Our hotels are subject to various operating risks within the markets in which we operate. These risks include:

- over-building of hotels in our markets, which could adversely affect occupancy and revenue at the hotels we acquire;
- adverse effects of international, national, regional and local economic and market conditions; and
- changes in governmental laws and regulations, fiscal policies and zoning ordinances and the related costs of compliance with laws an regulations, fiscal policies and ordinances.

Our operating results and ability to make distributions to our stockholders may be adversely affected by the risks inherent to the ownership of hotels.

Hotels have different economic characteristics than many other real estate assets. A typical office property owner, for example, has long-term leases with third-party tenants, which provide a relatively stable long-term stream of revenue. By contrast, our hotels are subject to various operating risks common to the lodging industry, many of which are beyond our control, including the following:

- dependence on business and commercial travelers and tourism;
- increases in energy costs and other expenses affecting travel, which may affect travel patterns and reduce the number of business and commercial travelers and tourists;
- increases in operating costs due to inflation and other factors that may not be offset by increased room rates;
- events beyond our control, such as terrorist attacks, travel related health concerns including pandemics and epidemics such as H1N1 influenza (swine flu), avian bird flu and severe acute respiratory syndrome ("SARS"), imposition of taxes or surcharges by regulatory authorities, travel-related accidents and unusual weather patterns, including natural disasters such as hurricanes and environmental disasters such as the oil spill in the Gulf of Mexico;
- potential increases in labor costs at our hotels, including as a result of unionization of the labor force; and
- adverse effects of a downturn in the lodging industry.

We have significant ongoing needs to make capital expenditures in our hotels, which require us to devote funds to these purposes and could pose related risks that might impair our ability to make distributions to our stockholders.

Our hotels have an ongoing need for renovations and other capital improvements, including replacements, from time to time, of furniture, fixtures and equipment. Our franchisors also require periodic capital improvements as a condition of keeping the franchise licenses. In addition, lenders may require that we set aside annual amounts for capital improvements to our assets. These capital improvements and replacements may give rise to the following risks:

- possible environmental problems;
- construction cost overruns and delays;

- a possible shortage of available cash to fund capital improvements and replacements and, the related possibility that financing for thes capital improvements may not be available to us on affordable terms; and
- uncertainties as to market demand or a loss of market demand after capital improvements and replacements have begun.

If any of the above risks were to be realized, it could materially adversely affect our business, financial condition and results of operations and our ability to make distributions to our stockholders.

Hotel development is subject to timing, budgeting and other risks. To the extent we develop hotels or acquire hotels that are under development, these risks may adversely affect our operating results and liquidity position.

We may develop hotels or acquire hotels that are under development from time to time as suitable opportunities arise, taking into consideration general economic conditions. Hotel development involves a number of risks, including the following:

- possible environmental problems;
- construction delays or cost overruns that may increase project costs;
- receipt of zoning, occupancy and other required governmental permits and authorizations;
- development costs incurred for projects that are not pursued to completion;
- acts of God such as earthquakes, hurricanes, floods or fires that could adversely affect a project;
- inability to raise capital; and
- governmental restrictions on the nature or size of a project.

To the extent we develop hotels or acquire hotels under development, we cannot assure you that any development project will be completed on time or within budget. Our inability to complete a project on time or within budget may adversely affect our projected operating results and our liquidity position.

The increasing use of Internet travel intermediaries by consumers may adversely affect our profitability.

Our hotel rooms are likely to be booked through Internet travel intermediaries, including, but not limited to, Travelocity.com, Expedia.com and Priceline.com. As these Internet bookings increase, these intermediaries may be able to obtain higher commissions, reduced room rates or other significant contract concessions from our management companies. Moreover, some of these Internet travel intermediaries are attempting to offer hotel rooms as a commodity, by increasing the importance of price and general indicators of quality (such as “three-star downtown hotel”) at the expense of brand identification. These agencies hope that consumers will eventually develop brand loyalties to their reservations system rather than to the brands under which our hotels are franchised. If the amount of sales made through Internet intermediaries increases significantly, room revenue may flatten or decrease and our profitability may be adversely affected.

Uninsured and underinsured losses could adversely affect our operating results.

We intend to maintain comprehensive insurance on our hotels, including liability, fire and extended coverage, of the type and amount we believe are customarily obtained for or by owners of hotels similar to our hotels. Various types of catastrophic losses, like earthquakes and floods, or losses related to business disruption from disputes with franchisors, may not be insurable or may not be economically insurable. In the event of a substantial loss, our insurance coverage may not be sufficient to cover the full current market value or replacement cost of our lost investment. Should an uninsured loss or a loss in excess of insured limits occur, we could lose all or a portion of the capital we have invested in a hotel, as well as the anticipated future revenue from the hotel. In that event, we might nevertheless remain obligated for any mortgage debt or other financial obligations related to the asset. Inflation, changes in building codes and ordinances, environmental considerations and other factors might also keep us from using insurance proceeds to replace or renovate an asset after it has been damaged or destroyed. Under those circumstances, the insurance proceeds we receive might be inadequate to restore our economic position on the damaged or destroyed hotels.

Risks Related to the Real Estate Industry and Real Estate-Related Investments

Illiquidity of real estate investments could significantly impede our ability to respond to adverse changes in the performance of our hotels or to adjust our portfolio in response to changes in economic and other conditions, and, therefore, may harm our financial condition.

In the future, we may decide to sell hotels. Real estate investments are relatively illiquid. Our ability to promptly sell one or more hotels in our portfolio in response to changing economic, financial and investment conditions may be limited. We cannot predict whether we will be able to sell any hotels for the price or on the terms set by us, or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot predict the length of time needed to find a willing purchaser and to close the sale of an asset. The real estate market is affected by many factors that are beyond our control, including:

- adverse changes in international, national, regional and local economic and market conditions;
- changes in interest rates and in the availability, cost and terms of debt financing;
- changes in governmental laws and regulations, fiscal policies and zoning ordinances and the related costs of compliance with laws and regulations, fiscal policies and ordinances;
- the ongoing need for capital improvements, particularly in older structures, that may require us to expend funds to correct defects or to make improvements before an asset can be sold;
- changes in operating expenses; and
- civil unrest, acts of God, including earthquakes, floods and other natural disasters, which may result in uninsured losses, and acts of war or terrorism, including the consequences of the terrorist acts such as those that occurred on September 11, 2001.

Increases in our property taxes would adversely affect our operating results and our ability to make distributions to our stockholders.

Our hotels are subject to real and personal property taxes. These taxes may increase as tax rates change and as our hotels are assessed or reassessed by taxing authorities. If property taxes increase, our operating results and our ability to make distributions to our stockholders could be adversely affected.

We could incur significant costs related to government regulation and litigation over environmental, health and safety matters.

Our hotels and development parcels are subject to various federal, state and local environmental laws that impose liability for contamination. Under these laws, governmental entities have the authority to require us, as the current owner of the property, to perform or pay for the clean-up of contamination (including hazardous substances, waste or petroleum products) at, on, under or emanating from the property and to pay for natural resource damage arising from contamination. These laws often impose liability without regard to whether the owner or operator or other responsible party knew of, or caused the contamination, and the liability may be joint and several. Because these laws also impose liability on persons who owned a property at the time it became contaminated, we could incur cleanup costs or other environmental liabilities even after we sell properties. Contamination at, on, under or emanating from our properties also may expose us to liability to private parties for costs of remediation, personal injury and death and/or property damage. In addition, environmental liens may be created on contaminated sites in favor of the government for damages and costs it incurs to address contamination. If contamination is discovered on our properties, environmental laws also may impose restrictions on the manner in which property may be used or businesses may be operated, and these restrictions may require substantial expenditures. Moreover, environmental contamination can affect the value of a property and, therefore, an owner’s ability to borrow funds using the property as collateral or to sell the property on favorable terms or at all. Furthermore, persons who sent waste to a waste disposal facility, such as a landfill or an incinerator, may be liable for costs associated with cleanup of that facility.

In addition, our hotels (including our real property, operations and equipment) are subject to various federal, state and local environmental, health and safety regulatory requirements that address a wide variety of issues, including, but not limited to, the registration, maintenance and operation of our boilers and storage tanks, the supply of potable water to our guests, air emissions from emergency generators, storm water and wastewater discharges, protection of natural resources, asbestos, lead-based paint, mold and mildew, and waste management. Some of our hotels also routinely handle and use hazardous or regulated substances and wastes as part of their operations, which are subject to regulation (for example, swimming pool chemicals or biological waste). Our hotels incur costs to comply with these environmental, health and safety laws and regulations and if these regulatory requirements are not met or unforeseen events result in the discharge of dangerous or toxic substances at our hotels, we could be subject to fines and penalties for non-compliance with applicable laws and material liability from third parties for harm to the environment, damage to real property or personal injury and death. We are aware of no past or present environmental liability for non-compliance with environmental, health and safety laws and regulations that we believe would have a material adverse effect on our business, assets or results of operations.

Certain hotels we currently own or those we acquire in the future contain, may contain, or may have contained, asbestos-containing material ("ACM"). Environmental, health and safety laws require that ACM be properly managed and maintained, and include requirements to undertake special precautions, such as removal or abatement, if ACM would be disturbed during maintenance, renovation, or demolition of a building. These laws regarding ACM may impose fines and penalties on building owners, employers and operators for failure to comply with these requirements or expose us to third-party liability.

Our properties may contain or develop harmful mold, which could lead to liability for adverse health effects and costs of remediating the problem.

When excessive moisture accumulates in buildings or on building materials, mold growth may occur, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Indoor air quality issues can also stem from inadequate ventilation, chemical contamination from indoor or outdoor sources, and other biological contaminants such as pollen, viruses and bacteria. Indoor exposure to airborne toxins or irritants above certain levels can be alleged to cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne contaminants at any of our properties could require us to undertake a costly remediation program to contain or remove the mold or other airborne contaminants from the affected property or increase indoor ventilation. In addition, the presence of significant mold or other airborne contaminants could expose us to material liability to third parties if property damage or personal injury occurs.

Compliance with the laws, regulations and covenants that apply to our hotels, including permit, license and zoning requirements, may adversely affect our ability to make future acquisitions or renovations, result in significant costs or delays and adversely affect our growth strategy.

Our hotels are subject to various covenants and local laws and regulatory requirements, including permitting and licensing requirements. Local regulations, including municipal or local ordinances, zoning restrictions and restrictive covenants imposed by community developers may restrict our use of our hotels and may require us to obtain approval from local officials or community standards organizations at any time with respect to our hotels, including prior to acquiring a hotel or when undertaking any renovations of any of our hotels. Among other things, these restrictions may relate to fire and safety, seismic, asbestos-cleanup or hazardous material abatement requirements. We cannot assure you that existing regulatory policies will not adversely affect us or the timing or cost of any future acquisitions or renovations, or that additional regulations will not be adopted that would increase such delays or result in additional costs. Our growth strategy may be materially and adversely affected by our ability to obtain permits, licenses and zoning approvals. Our failure to obtain such permits, licenses and zoning approvals could have a material adverse effect on our business, financial condition and results of operations.

In addition, federal and state laws and regulations, including laws such as the Americans with Disabilities Act of 1990 (the "ADA"), impose further restrictions on our operations. Under the ADA, all public accommodations must meet federal requirements related to access and use by disabled persons. Some of our hotels may currently be in noncompliance with the ADA. If one or more of the hotels in our portfolio is not in compliance with the ADA or any other regulatory requirements, we may be required to incur additional costs to bring the hotel into compliance and we might incur damages or governmental fines. In addition, existing requirements may change and future requirements may require us to make significant unanticipated expenditures that would adversely affect our business, financial condition, results of operations and cash flow, the market price of our stock and our ability to satisfy our debt service obligations and to make distributions to our stockholders.

If we default on ground leases for land on which any of our hotels are located, our business could be materially and adversely affected.

If we default under the terms of any of our ground leases and are unable to cure the default in a timely manner, we may be liable for damages and could lose our leasehold interest in the applicable property and interest in the hotel on the applicable property. If any of the events of default were to occur and are not timely cured, our business, financial condition, results of operations and cash flow, the market price of our securities and our ability to satisfy our debt service obligations and to make distributions to our stockholders could be materially and adversely affected.

Risks Related to Conflicts of Interest

We assumed liabilities in connection with the formation transactions, including unknown liabilities, which, if significant, could adversely affect our business.

As part of the formation transactions, we assumed existing liabilities of our predecessor and its affiliates, including, but not limited to, liabilities in connection with our hotels, some of which may be unknown or unquantifiable. Unknown liabilities might include liabilities for cleanup or remediation of undisclosed environmental conditions, claims of hotel guests, vendors or other persons dealing with our predecessor, The Summit Group, and their affiliates, tax liabilities, employment-related issues and accrued but unpaid liabilities whether incurred in the ordinary course of business or otherwise. In addition, the aggregate value of Common Units issued in the formation transactions was less than the value assumed in the fairness opinion rendered to our predecessor, thus our predecessor and we will not benefit from such fairness opinion. This could increase our exposure to claims, if brought, that the Merger was not fair to our predecessor's members. If the magnitude of such unknown liabilities is high, they could adversely affect our business, financial condition, results of operations and cash flow, the market price of our stock and our ability to satisfy our debt service obligations and to make distributions to our stockholders.

Tax consequences to holders of Common Units upon a sale or refinancing of our hotels may cause the interests of holders of Common Units, including certain of our executive officers and directors, to differ from the interests of our other stockholders.

As a result of the unrealized built-in gain that may be attributable to one or more of our hotels, holders of Common Units, including certain of our executive officers and directors, may experience more onerous tax consequences than holders of our stock upon the sale or refinancing of these hotels, including disproportionately greater allocations of items of taxable income and gain upon the occurrence of such an event. The tax protection agreements that we entered into with certain former members of our predecessor, including The Summit Group, which is wholly owned by our Executive Chairman, Mr. Boekelheide, will not provide protection from those more onerous tax consequences. A holder of Common Units that receives a disproportionately greater allocation of taxable income and gain will not receive a correspondingly greater distribution of cash proceeds with which to pay the income taxes on such income. Accordingly, they may have different objectives regarding the appropriate pricing, timing and other material terms of any sale or refinancing of such hotels and could exercise their influence over our affairs by attempting to delay, defer or prevent a transaction that might otherwise be in the best interests of our stockholders.

Our fiduciary duties as the general partner of our operating partnership could create conflicts of interest.

We, through our wholly owned subsidiary that serves as the sole general partner of our operating partnership, have fiduciary duties to our operating partnership's limited partners, the discharge of which may conflict with the interests of our stockholders. The limited partners of our operating partnership have agreed for so long as we own a controlling interest in our operating partnership that, in the event of a conflict between the duties owed by our directors to our company and the duties that we owe, in our capacity as the sole general partner of our operating partnership, to the limited partners, our directors must give priority to the interests of our stockholders. In addition, those persons holding Common Units have the right to vote on certain amendments to the limited partnership agreement (which require approval by a majority in interest of the limited partners, including us) and individually to approve certain amendments that would adversely affect their rights, as well as the right to vote on mergers and consolidations of the general partner or us in certain limited circumstances. These voting rights may be exercised in a manner that conflicts with the interests of our stockholders. For example, we cannot adversely affect the limited partners' rights to receive distributions, as set forth in the limited partnership agreement, without their consent, even though modifying such rights might be in the best interest of our stockholders generally.

Certain key members of our senior management team continue to be involved in other businesses, which may interfere with their ability to devote time and attention to our business and affairs.

We rely on our senior management team to manage our strategic direction and day-to-day operations of our business. Our employment agreement with Mr. Boekelheide requires him to devote a substantial portion of his business time and attention to our business and our employment agreements with our other executive officers require our executives to devote substantially all of their business time and attention to our business. Messrs. Boekelheide, Hansen, Aniszewski, Becker and Bertucci have certain outside business interests which may reduce the amount of time that Messrs. Boekelheide, Hansen, Aniszewski, Becker and Bertucci are able to devote to our business.

Risks Related to Our Organization and Structure

Provisions of our charter may limit the ability of a third party to acquire control of us by authorizing our board of directors to issue additional securities.

Our board of directors may, without stockholder approval, amend our charter to increase or decrease the aggregate number of our shares or the number of shares of any class or series that we have the authority to issue and to classify or reclassify any unissued shares of common stock or preferred stock, and set the preferences, rights and other terms of the classified or reclassified shares. As a result, our board of directors may authorize the issuance of additional shares or establish a series of common or preferred stock that may have the effect of delaying or preventing a change in control of our company, including transactions at a premium over the market price of our shares, even if stockholders believe that a change in control is in their interest. These provisions, along with the restrictions on ownership and transfer contained in our charter and certain provisions of Maryland law described below, could discourage unsolicited acquisition proposals or make it more difficult for a third party to gain control of us, which could adversely affect the market price of our securities.

Provisions of Maryland law may limit the ability of a third party to acquire control of us by requiring our board of directors or stockholders to approve proposals to acquire our company or effect a change in control.

Certain provisions of the Maryland General Corporation Law (the "MGCL") applicable to Maryland corporations may have the effect of inhibiting a third party from making a proposal to acquire us or of impeding a change in control under circumstances that otherwise could provide our stockholders with the opportunity to realize a premium over the then-prevailing market price of such shares, including:

- "business combination" provisions that, subject to limitations, prohibit certain business combinations between us and an "interested stockholder" (defined generally as any person who beneficially owns 10% or more of the voting power of our outstanding voting stoc or an affiliate or associate of us who, at any time within the two-year period immediately prior to the date in question, was the beneficial owner of 10% or more of the voting power of our then outstanding stock) or an affiliate of any interested stockholder for five years after the most recent date on which the stockholder becomes an interested stockholder, and thereafter imposes two supermajority stockholder voting requirements on these combinations, unless, among other conditions, our common stockholders receive a minimum price, as defined in the MGCL, for their stock and the consideration is received in cash or in the same form as previously paid by the interested stockholder for its shares; and
- "control share" provisions that provide that our "control shares" (defined as voting shares of stock which, when aggregated with all other shares of stock controlled by the stockholder, entitle the stockholder to exercise one of three increasing ranges of voting power i electing directors) acquired in a "control share acquisition" (defined as the direct or indirect acquisition of ownership or control of issued and outstanding "control shares") have no voting rights except to the extent approved by our stockholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding shares owned by the acquirer, by our officers or by our employees who are also directors of our company.

By resolution of our board of directors, we have opted out of the business combination provisions of the MGCL and provided that any business combination between us and any other person is exempt from the business combination provisions of the MGCL, provided that the business combination is first approved by our board of directors (including a majority of directors who are not affiliates or associates of such persons). In addition, pursuant to a provision in our bylaws, we have opted out of the control share provisions of the MGCL. However, our board of directors may by resolution elect to opt in to the business combination provisions of the MGCL and we may, by amendment to our bylaws, opt in to the control share provisions of the MGCL in the future.

Our rights and the rights of our stockholders to take action against our directors and officers are limited, which could limit our stockholders' recourse in the event of actions not in our stockholders' best interests.

Under Maryland law, generally, a director will not be liable if he or she performs his or her duties in good faith, in a manner he or she reasonably believes to be in our best interests and with the care that an ordinarily prudent person in a like position would use under similar circumstances. In addition, our charter limits the liability of our directors and officers to us and our stockholders for money damages, except for liability resulting from:

- actual receipt of an improper benefit or profit in money, property or services; or
- active and deliberate dishonesty by the director or officer that was established by a final judgment as being material to the cause of action adjudicated.

Our charter authorizes us to indemnify our directors and officers for actions taken by them in those capacities to the maximum extent permitted by Maryland law. Our bylaws require us to indemnify each director and officer, to the maximum extent permitted by Maryland law, in the defense of any proceeding to which he or she is made, or threatened to be made, a party by reason of his or her service to us. In addition, we may be obligated to advance the defense costs incurred by our directors and officers. As a result, we and our stockholders may have more limited rights against our directors and officers than might otherwise exist absent the current provisions in our charter and bylaws or that might exist with other companies.

Our charter contains provisions that make removal of our directors difficult, which could make it difficult for our stockholders to effect changes to our management.

Our charter provides that a director may be removed only for cause (as defined in our charter) and then only by the affirmative vote of holders of shares entitled to cast at least two-thirds of the votes entitled to be cast generally in the election of directors. Our charter also provides that vacancies on our board of directors may be filled only by a majority of the remaining directors in office, even if less than a quorum. These requirements prevent stockholders from removing directors except for cause and with a substantial affirmative vote and from replacing directors with their own nominees and may prevent a change in control of our company that is in the best interests of our stockholders.

The ability of our board of directors to change our major policies without the consent of stockholders may not be in our stockholders' interest.

Our board of directors determines our major policies, including policies and guidelines relating to our acquisitions, leverage, financing, growth, operations and distributions to stockholders. Our board of directors may amend or revise these and other policies and guidelines from time to time without the vote or consent of our stockholders. Accordingly, our stockholders will have limited control over changes in our policies and those changes could adversely affect our financial condition, results of operations, the market price of our stock and our ability to make distributions to our stockholders.

The ability of our board of directors to revoke our REIT qualification without stockholder approval may cause adverse consequences to our stockholders.

Our charter provides that our board of directors may revoke or otherwise terminate our REIT election, without the approval of our stockholders, if it determines that it is no longer in our best interest to continue to qualify as a REIT. If we cease to be a REIT, we would become subject to federal income tax on our taxable income and would no longer be required to distribute most of our taxable income to our stockholders, which may have adverse consequences on the total return to our stockholders.

We are a holding company with no direct operations. As a result, we rely on funds received from our operating partnership to pay liabilities and dividends, our stockholders' claims will be structurally subordinated to all liabilities of our operating partnership and our stockholders will not have any voting rights with respect to our operating partnership activities, including the issuance of additional Common Units or Preferred Units.

We are a holding company and conduct all of our operations through our operating partnership. We do not have, apart from our ownership of our operating partnership, any independent operations. As a result, we rely on distributions from our operating partnership to pay any dividends we might declare on shares of our common or preferred stock. We also rely on distributions from our operating partnership to meet any of our obligations, including tax liability on taxable income allocated to us from our operating partnership (which might make distributions to us that do not equal to the tax on such allocated taxable income).

In addition, because we are a holding company, stockholders' claims will be structurally subordinated to all existing and future liabilities and obligations (whether or not for borrowed money) of our operating partnership and its subsidiaries. Therefore, in the event of our bankruptcy, liquidation or reorganization, claims of our stockholders will be satisfied only after all of our and our operating partnership's and its subsidiaries' liabilities and obligations have been paid in full.

We own approximately 73.0% of the Common Units in our operating partnership, 100% of the general partnership interest in our operating partnership, and 100% of the Series A Preferred Units in our operating partnership. Any future issuances by our operating partnership of additional Common Units or Preferred Units could reduce our ownership percentage in our operating partnership. Because our common stockholders do not directly own any Common Units or Series A Preferred Units, they will not have any voting rights with respect to any such issuances or other partnership-level activities of our operating partnership.

Risks Related to Ownership of Our Securities

The New York Stock Exchange ("NYSE") or another nationally recognized exchange may not continue to list our securities, which could limit stockholders' ability to make transactions in our securities and subject us to additional trading restrictions.

Our common stock trades on the NYSE under the symbol "INN" and our Series A Preferred Stock trades on the NYSE under the symbol "INNPrA." In order to remain listed we are required to meet the continued listing requirements of the NYSE or, in the alternative, any other nationally recognized exchange to which we apply. We may be unable to satisfy those listing requirements, and there is no guarantee our securities will remain listed on a nationally recognized exchange. If our securities are delisted from the NYSE or another nationally recognized exchange, we could face significant material adverse consequences, including:

- a limited availability of market quotations for our securities;
- reduced liquidity with respect to our securities;
- a determination that our common stock is "penny stock," which will require brokers trading in our common stock to adhere to more stringent rules, possibly resulting in a reduced level of trading activity in the secondary trading market for the common stock;
- a limited amount of news and analyst coverage; and
- a decreased ability to issue additional securities or obtain additional financing in the future.

Failure of the hotel industry to continue to improve may adversely affect our ability to execute our business strategies, which, in turn, would adversely affect our ability to make distributions to our stockholders.

Our business strategy is based on continued improvements in hotel industry fundamentals generally and our operating results specifically. We cannot assure you that hotel industry fundamentals or operating results will continue to improve. Economic slowdown and world events outside our control, such as terrorism, have adversely affected the hotel industry in the recent past and if these events reoccur, may adversely affect the industry in the future. In the event conditions in the hotel industry do not continue to improve as we expect, our ability to execute our business strategies will be adversely affected, which, in turn, would adversely affect our ability to make distributions to our stockholders.

The cash available for distribution may not be sufficient to make distributions at expected levels, and we cannot assure you of our ability to make distributions in the future. We may use borrowed funds or funds from other sources to make distributions, which may adversely affect our operations.

We intend to make quarterly distributions to our stockholders and holders of Common Units. Distributions declared by us will be authorized by our board of directors in its sole discretion out of funds legally available for distribution and will depend upon a number of factors, including restrictions under applicable law and the capital requirements of our company. All distributions will be made at the discretion of our board of directors and will depend on our earnings, our financial condition, the requirements for qualification as a REIT, restrictions under applicable law and other factors as our board of directors may deem relevant from time to time. We may be required to fund distributions from working capital, borrowings under our secured revolving credit facility, proceeds of future stock offerings or a sale of assets to the extent distributions exceed earnings or cash flows from operations. Funding distributions from working capital would restrict our operations. If we borrow from the secured revolving credit facility in order to pay distributions, we would be more limited in our ability to execute our strategy of using that secured revolving credit facility to fund acquisitions. Finally, selling assets may require us to dispose of assets at a time or in a manner that is not consistent with our disposition strategy. If we borrow to fund distributions, our leverage ratios and future interest costs would increase, thereby reducing our earnings and cash available for distribution from what they otherwise would have been. We may not be able to make distributions in the future. In addition, some of our distributions may be considered a return of capital for income tax purposes. If we decide to make distributions in excess of our current and accumulated earnings and profits, such distributions would generally be considered a return of capital for federal income tax purposes to the extent of the holder's adjusted tax basis in their shares. A return of capital is not taxable, but it has the effect of reducing the holder's adjusted tax basis in its investment. If distributions exceed the adjusted tax basis of a holder's shares, they will be treated as gain from the sale or exchange of such stock.

We may change the distribution policy for our common stock in the future.

The decision to declare and make distributions on our common stock in the future, as well as the timing, amount and composition of any such future distributions, will be at the sole discretion of our board of directors and will depend on our earnings, funds from operations, liquidity, financial condition, capital requirements or contractual prohibitions, the annual distribution requirements under the REIT provisions of the Code, state law and such other factors as our board of directors deems relevant. The actual distribution payable will be determined by our board of directors based upon the circumstances at the time of declaration and the actual distribution payable may vary from expected amounts. Any change in our distribution policy could have a material adverse effect on the market price of our stock. We are generally restricted from declaring or paying any distributions, or setting aside any funds for the payment of distributions, on our common stock or our Common Units, subject to certain exceptions, redeeming or otherwise acquiring shares of our common stock or our Common Units unless full cumulative distributions on our Series A Preferred Stock and the Series A Preferred Units have been declared and either paid or set aside for payment in full for all past distribution periods.

The market price of our stock may be volatile due to numerous circumstances beyond our control.

The trading prices of equity securities issued by REITs and other real estate companies historically have been affected by changes in market interest rates. One of the factors that may influence the price of our common or preferred stock is the annual yield from distributions on our common or preferred stock, respectively, as compared to yields on other financial instruments. An increase in market interest rates, or a decrease in our distributions to stockholders, may lead prospective purchasers of our common or preferred stock to demand a higher annual yield, which could reduce the market price of our common or preferred stock, respectively.

Other factors that could affect the market price of our stock include the following:

- actual or anticipated variations in our quarterly results of operations;
- changes in market valuations of companies in the lodging industry;
- changes in expectations of future financial performance or changes in estimates of securities analysts;
- fluctuations in stock market prices and volumes;
- our issuances of common stock, preferred stock, or other securities in the future;
- the inclusion of our common stock and preferred stock in equity indices, which could induce additional purchases;
- the addition or departure of key personnel;
- announcements by us or our competitors of acquisitions, investments or strategic alliances; and
- unforeseen events beyond our control, such as instability in the national, European or global economy, terrorist attacks, travel related health concerns including pandemics and epidemics such as H1N1 influenza (swine flu), avian bird flu and SARS, political instability regional hostilities, increases in fuel prices, imposition of taxes or surcharges by regulatory authorities and travel-related accidents an unusual weather patterns, including natural disasters such as hurricanes.

The market's perception of our growth potential and our current and potential future cash distributions, whether from operations, sales or refinancings, as well as the real estate market value of the underlying assets, may cause our common and preferred stock to trade at prices that differ from our net asset value per share. If we retain operating cash flow for investment purposes, working capital reserves or other purposes, these retained funds, while increasing the value of our underlying assets, may not correspondingly increase the market price of our common and preferred stock. Our failure to meet the market's expectations with regard to future earnings and distributions likely would adversely affect the market price of our common and preferred stock.

The trading market for our stock will rely in part on the research and reports that industry or financial analysts publish about us or our business. We do not control these analysts. Furthermore, if one or more of the analysts who do cover us downgrades our stock or our industry, or the stock of any of our competitors, the price of our stock could decline. If one or more of these analysts ceases coverage of our company, we could lose attention in the market, which in turn could cause the price of our stock to decline.

The number of shares of our common stock and preferred stock available for future sale could adversely affect the market price per share of our common stock and preferred stock, respectively, and future sales by us of shares of our common stock, preferred stock, or issuances by our operating partnership of Common Units may be dilutive to existing stockholders.

Sales of substantial amounts of shares of our common stock or preferred stock in the public market, or upon exchange of Common Units or exercise of any equity awards, or the perception that such sales might occur, could adversely affect the market price of our common stock and preferred stock. The exchange of Common Units for common stock, conversion of Series A Preferred Stock for common stock, the vesting of any equity-based awards granted to certain directors, executive officers and other employees under the 2011 Equity Incentive Plan, the issuance of our common stock or Common Units in connection with hotel, portfolio or business acquisitions and other issuances of our common stock or Common Units could have an adverse effect on the market price of the shares of our common stock.

We have filed a registration statement on Form S-3 to register up to 10,100,000 shares of common stock issuable by us to the holders of Common Units issued in our formation transactions upon the exercise of their redemption rights. Once the registration statement becomes effective, there could be a significant amount of sales of our common stock in a short period of time or the perception that a substantial amount of sales may occur, either or both of which could depress the market price of our common stock. In addition, future sales by us of shares of our common stock may be dilutive to existing stockholders.

Future offerings of debt securities, which would be senior to our common and preferred stock upon liquidation and issuances of equity securities (including Common Units), which may be dilutive to our existing stockholders and be senior to our common stock for purposes of dividend distributions or upon liquidation, may materially and adversely affect the market price of our common stock.

In the future we may offer debt securities and issue equity securities, including Common Units, Series A Preferred Stock or other preferred shares, that may be senior to our common stock for purposes of dividend distributions or upon liquidation. Upon liquidation, holders of our debt securities and our preferred shares will receive distributions of our available assets prior to the holders of our common stock. Holders of our common stock are not entitled to pre-emptive rights or other protections against us offering senior debt or equity securities. Therefore, additional common share issuances, directly or through convertible or exchangeable securities (including Common Units), warrants or options, will dilute the holdings of our existing common stockholders and such issuances or the perception of such issuances may reduce the market price of our common stock. In addition, new issues of preferred stock could have a preference on liquidating distributions and a preference on dividend payments that could limit our ability to pay a dividend or make another distribution to the holders of our common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of future issuances. Thus, our stockholders bear the risk of our future offerings reducing the market price of our common stock and diluting their interest in us.

The Series A Preferred Stock is subordinate to our existing and future debt, and Series A Preferred Stockholders interests could be diluted by the issuance of additional shares of preferred stock and by other transactions.

The Series A Preferred Stock will rank junior to all of our existing and future debt and senior equity securities and to other non-equity claims on us and our assets available to satisfy claims against us, including claims in bankruptcy, liquidation or similar proceedings. Our existing debt includes restrictions on our ability to pay dividends to preferred stockholders, and our future debt may include similar restrictions. Our charter currently authorizes the issuance of up to 100,000,000 shares of preferred stock in one or more classes or series. Our charter authorizes our Board of Directors, without any action on the part of our stockholders, to amend our charter to increase or decrease the aggregate number of authorized shares of preferred stock. Subject to limitations prescribed by Maryland law and our charter, the Board of Directors is authorized to issue, from our authorized but unissued shares of capital stock, preferred stock in such classes or series as our Board of Directors may determine and to establish from time to time the number of shares of preferred stock to be included in any such class or series. The issuance of additional shares of Series A Preferred Stock or other parity equity securities could dilute the interests of the holders of Series A Preferred Stock, and the issuance of any senior equity securities or the incurrence of additional indebtedness could affect our ability to pay dividends on, redeem or pay the liquidation preference on the Series A Preferred Stock. Other than the conversion right afforded to holders of Series A Preferred Stock that may become exercisable in connection with certain changes of control as described in the prospectus filed with the Securities and Exchange Commission on October 25, 2011 ("Prospectus") under the heading "Description of the Series A Preferred Stock — Conversion Rights," none of the provisions relating to the Series A Preferred Stock contain any terms relating to or limiting our indebtedness or affording the holders of Series A Preferred Stock protection in the event of a highly leveraged or other transaction, including a merger or the sale, lease or conveyance of all or substantially all our assets, that might adversely affect the holders of Series A Preferred Stock.

Holders of Series A Preferred Stock have extremely limited voting rights.

Holders of Series A Preferred Stock have limited voting rights. Our shares of common stock are the only class of our securities that carry full voting rights. Voting rights for holders of Series A Preferred Stock exist primarily with respect to the ability to elect, together with holders of our parity equity securities having similar voting rights, if any, two additional directors to our Board of Directors in the event that six quarterly dividends (whether or not consecutive) payable on the Series A Preferred Stock are in arrears, and with respect to voting on amendments to our charter or articles supplementary relating to the Series A Preferred Stock that materially and adversely affect the rights of the holders of Series A Preferred Stock or create additional classes or series of senior equity securities. Other than these limited circumstances, holders of Series A Preferred Stock will not have any voting rights.

Holders of Series A Preferred Stock may not be permitted to exercise conversion rights upon a change of control. If exercisable, the change of control conversion feature of the Series A Preferred Stock may not adequately compensate the holders, and the change of control conversion and redemption features of the Series A Preferred Stock may make it more difficult for a party to take over our company or discourage a party from taking over our company.

Upon the occurrence of a Change of Control, as defined in our charter, as a result of which our common stock and the common securities of the acquiring or surviving entity (or ADRs representing such common securities) are not listed on the NYSE, the NYSE Amex or NASDAQ, or listed or quoted on an exchange or quotation system that is a successor to the NYSE, the NYSE Amex or NASDAQ, holders of Series A Preferred Stock will have the right to convert some or all of their Series A Preferred Stock into our common stock (or equivalent value of alternative consideration). Notwithstanding that we generally may not redeem the Series A Preferred Stock prior to October 28, 2016, we have a special optional redemption right to redeem the Series A Preferred Stock in the event of a Change of Control, and holders of Series A Preferred Stock will not have the right to convert any shares that we have elected to redeem prior to the Change of Control Conversion Date, as defined in our charter. Upon such a conversion, the holders will be limited to a maximum number of shares of our common stock equal to 5.92417 multiplied by the number of Series A Preferred Stock converted. If the Common Stock Price is less than $4.22, subject to adjustment, the holders will receive a maximum of 5.92417 shares of our common stock per share Series A Preferred Stock, which may result in a holder receiving value that is less than the liquidation preference of the Series A Preferred Stock. In addition, those features of the Series A Preferred Stock may have the effect of inhibiting a third party from making an acquisition proposal for our company or of delaying, deferring or preventing a change of control of our company under circumstances that otherwise could provide the holders of our common stock and Series A Preferred Stock with the opportunity to realize a premium over the then-current market price or that stockholders may otherwise believe is in their best interests.

Risks Related to Our Status as a REIT

Failure to remain qualified as a REIT would cause us to be taxed as a regular corporation, which would substantially reduce funds available for distributions to our stockholders.

We believe that our organization and proposed method of operation enabled us to meet the requirements for qualification and taxation as a REIT commencing with our short taxable year ended December 31, 2011. However, we cannot assure you that we will qualify and remain qualified as a REIT.

If we fail to qualify as a REIT in any taxable year, we will face serious tax consequences that will substantially reduce the funds available for distributions to our stockholders because:

- we would not be allowed a deduction for dividends paid to stockholders in computing our taxable income and would be subject to federal income tax at regular corporate rates;
- we could be subject to the federal alternative minimum tax and possibly increased state and local taxes; and
- unless we are entitled to relief under certain federal income tax laws, we could not re-elect REIT status until the fifth calendar year after the year in which we failed to qualify as a REIT.

In addition, if we fail to qualify as a REIT, we will no longer be required to make distributions. As a result of all these factors, our failure to qualify as a REIT could impair our ability to expand our business and raise capital, and it would adversely affect the value of our stock.

Even if we qualify as a REIT, we may face other tax liabilities that reduce our cash flows.

Even if we qualify for taxation as a REIT, we may be subject to certain federal, state and local taxes on our income and assets, including taxes on any undistributed income, tax on income from some activities conducted as a result of a foreclosure, and state or local income, property and transfer taxes. In addition, our TRSs are subject to regular corporate federal, state and local taxes. Any of these taxes would decrease cash available for distributions to stockholders.

Failure to make required distributions would subject us to federal corporate income tax.

We intend to operate in a manner so as to qualify as a REIT for federal income tax purposes. In order to qualify as a REIT, we generally are required to distribute at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gain, each year to our stockholders. To the extent that we satisfy this distribution requirement, but distribute less than 100% of our REIT taxable income, we will be subject to federal corporate income tax on our undistributed taxable income. In addition, we will be subject to a 4% non-deductible excise tax if the actual amount that we pay out to our stockholders in a calendar year is less than a minimum amount specified under the Code.

REIT distribution requirements could adversely affect our liquidity and may force us to borrow funds or sell assets during unfavorable market conditions or pay taxable stock dividends.

In order to satisfy our qualification as a REIT and to meet the REIT distribution requirements, we may need to borrow funds on a short-term basis or sell assets, even if the then-prevailing market conditions are not favorable for these borrowings or sales. Our cash flows from operations may be insufficient to fund required distributions as a result of differences in timing between the actual receipt of income and the recognition of income for federal income tax purposes, or the effect of non-deductible capital expenditures, the creation of reserves or required debt service or amortization payments. For example, we may be required to accrue income from mortgage loans and other types of debt instruments that we may acquire before we receive any payments of interest or principal on such assets. We may also acquire distressed debt investments that are subsequently modified or foreclosed upon, which could result in significant taxable income without any corresponding cash payment. The insufficiency of our cash flows to cover our distribution requirements could have an adverse effect on our ability to raise short- and long-term debt or sell equity securities in order to fund distributions required to maintain our qualification as a REIT. Also, although the Internal Revenue Service ("IRS") has issued private letter rulings to other REITs, which may be relied upon only by the taxpayers to whom they were issued, and a revenue procedure applicable to our 2007 through 2011 taxable years sanctioning certain issuances of taxable stock dividends by REITs under certain circumstances, no assurance can be given that we will be able to pay taxable stock dividends to meet our REIT distribution requirements.

The formation of our TRSs increases our overall tax liability.

Our TRSs are subject to federal, state and local income tax on their taxable income, which consists of the revenue from the hotels leased by our TRS lessees, net of the operating expenses for such hotels and rent payments to us and, in the case of the one hotel that is owned by a wholly owned subsidiary of one of our TRSs, the revenue from that hotel, net of the operating expenses. Accordingly, although our ownership of our TRSs allows us to participate in the operating income from our hotels in addition to receiving rent, that operating income will be fully subject to income tax. The after-tax net income of our TRSs is available for distribution to us. If we have any non-U.S. TRSs, then they may be subject to tax in jurisdictions where they operate.

Our TRS lessee structure subjects us to the risk of increased hotel operating expenses that could adversely affect our operating results and our ability to make distributions to stockholders.

Our leases with our TRS lessees require our TRS lessees to pay us rent based in part on revenue from our hotels. Our operating risks include decreases in hotel revenue and increases in hotel operating expenses, including but not limited to the increases in wage and benefit costs, repair and maintenance expenses, energy costs, property taxes, insurance costs and other operating expenses, which would adversely affect our TRSs' ability to pay us rent due under the leases. Increases in these operating expenses can have a significant adverse effect on our financial condition, results of operations, the market price of our common and preferred shares and our ability to make distributions to our stockholders.

Our ownership of our TRSs is subject to limitations and our transactions with our TRSs could cause us to be subject to a 100% penalty tax on certain income or deductions if those transactions are not conducted on arm's-length terms.

Overall, no more than 25% of the value of a REIT's assets may consist of stock or securities of one or more TRSs. In addition, the Code limits the deductibility of interest paid or accrued by a TRS to its parent REIT to assure that the TRS is subject to an appropriate level of corporate taxation. The Code also imposes a 100% excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm's-length basis. The 100% tax would apply, for example, to the extent that we were found to have charged our TRS lessees rent in excess of an arm's-length rent. We monitor the value of our respective investments in our TRSs for the purpose of ensuring compliance with TRS ownership limitations and structure our transactions with our TRSs on terms that we believe are arm's length to avoid incurring the 100% excise tax described above. There can be no assurance, however, that we will be able to comply with the 25% TRS limitation or to avoid application of the 100% excise tax.

If the leases of our hotels to our TRS lessees are not respected as true leases for federal income tax purposes, we will fail to qualify as a REIT.

To qualify as a REIT, we must annually satisfy two gross income tests, under which specified percentages of our gross income must be derived from certain sources, such as "rents from real property." Rents paid to our operating partnership by our TRS lessees pursuant to the leases of our hotels constitute substantially all of our gross income. In order for such rent to qualify as "rents from real property" for purposes of the gross income tests, the leases must be respected as true leases for federal income tax purposes and not be treated as service contracts, financing arrangements, joint ventures or some other type of arrangement. If our leases are not respected as true leases for federal income tax purposes, we will fail to qualify as a REIT.

If our operating partnership is treated as a publicly traded partnership taxable as a corporation for federal income tax purposes, we will cease to qualify as a REIT.

Although we believe that our operating partnership will be treated as a partnership for federal income tax purposes, no assurance can be given that the IRS will not successfully challenge that position. If the IRS were to successfully contend that our operating partnership should be treated as a publicly traded partnership taxable as a corporation, we would fail to meet the 75% gross income test and certain of the asset tests applicable to REITs and, unless we qualified for certain statutory relief provisions, we would cease to qualify as a REIT. Also, our operating partnership would become subject to federal, state and local income tax, which would reduce significantly the amount of cash available for debt service and for distribution to us.

If Interstate, our other hotel management companies, or any other hotel management companies that we may engage in the future do not qualify as "eligible independent contractors," or if our hotels are not "qualified lodging facilities," we will fail to qualify as a REIT.

Rent paid by a lessee that is a "related party tenant" of ours will not be qualifying income for purposes of the two gross income tests applicable to REITs. An exception is provided, however, for leases of "qualified lodging facilities" to a TRS so long as the hotels are managed by an "eligible independent contractor" and certain other requirements are satisfied. We lease all but one of our hotels to our TRS lessees. The remaining hotel is owned by a wholly owned subsidiary of one of our TRSs. All of our hotels are operated pursuant to hotel management agreements with Interstate and other hotel management companies, each of which we believe qualifies as an "eligible independent contractor." Among other requirements, in order to qualify as an eligible independent contractor, the hotel manager must not own, directly or through its stockholders, more than 35% of our outstanding shares, and no person or group of persons can own more than 35% of our outstanding shares and the shares (or ownership interest) of the hotel manager, taking into account certain ownership attribution rules. The ownership attribution rules that apply for purposes of these 35% thresholds are complex, and monitoring actual and constructive ownership of our shares by our hotel managers and their owners may not be practical. Accordingly, there can be no assurance that these ownership levels will not be exceeded.

In addition, for a hotel management company to qualify as an eligible independent contractor, such company or a related person must be actively engaged in the trade or business of operating "qualified lodging facilities" (as defined below) for one or more persons not related to the REIT or its TRSs at each time that such company enters into a hotel management contract with a TRS or its TRS lessee. As of the date hereof, we believe each of our hotel management companies operates qualified lodging facilities for certain persons who are not related to us or our TRSs. However, no assurances can be provided that our hotel management companies or any other hotel managers that we may engage in the future will in fact comply with this requirement. Failure to comply with this requirement would require us to find other managers for future contracts, and, if we hired a management company without knowledge of the failure, it could jeopardize our status as a REIT.

Finally, each property with respect to which our TRS lessees pay rent must be a "qualified lodging facility." A "qualified lodging facility" is a hotel, motel or other establishment more than one-half of the dwelling units in which are used on a transient basis, including customary amenities and facilities, provided that no wagering activities are conducted at or in connection with such facility by any person who is engaged in the business of accepting wagers and who is legally authorized to engage in such business at or in connection with such facility. As of the date hereof, we believe that the properties that are leased to our TRS lessees and the property that is owned by a wholly owned subsidiary of one of our TRSs are qualified lodging facilities. Although we intend to monitor future acquisitions and improvements of properties, REIT provisions of the Code provide only limited guidance for making determinations under the requirements for qualified lodging facilities, and there can be no assurance that these requirements will be satisfied.

We may be subject to adverse legislative or regulatory tax changes that could reduce the market price of our stock.

At any time, the federal income tax laws governing REITs or the administrative interpretations of those laws may be amended. We cannot predict when or if any new federal income tax law, regulation, or administrative interpretation, or any amendment to any existing federal income tax law, regulation or administrative interpretation, will be adopted, promulgated or become effective and any such law, regulation, or interpretation may take effect retroactively. We and our stockholders could be adversely affected by any such change in, or any new, federal income tax law, regulation or administrative interpretation.

You may be restricted from acquiring or transferring certain amounts of our stock.

The stock ownership restrictions of the Code for REITs and the 9.8% stock ownership limit in our charter may inhibit market activity in our capital stock and restrict our business combination opportunities.

In order to qualify as a REIT for each taxable year after 2011, five or fewer individuals, as defined in the Code, may not own, beneficially or constructively, more than 50% in value of our issued and outstanding stock at any time during the last half of a taxable year. Attribution rules in the Code determine if any individual or entity beneficially or constructively owns our capital stock under this requirement. Additionally, at least 100 persons must beneficially own our capital stock during at least 335 days of a taxable year for each taxable year after 2011. To help insure that we meet these tests, our charter restricts the acquisition and ownership of shares of our capital stock.

Our charter, with certain exceptions, authorizes our directors to take such actions as are necessary and desirable to preserve our qualification as a REIT. Unless exempted by our board of directors, our charter prohibits any person from beneficially or constructively owning more than 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of any class or series of our capital stock. Our board of directors may not grant an exemption from these restrictions to any proposed transferee whose ownership in excess of 9.8% of the value of our outstanding shares would result in our failing to qualify as a REIT. These restrictions on transferability and ownership will not apply, however, if our board of directors determines that it is no longer in our best interest to continue to qualify as a REIT.

We may pay taxable dividends of our common stock and cash, in which case stockholders may sell shares of our common stock to pay tax on such dividends, placing downward pressure on the market price of our common stock.

We may distribute taxable dividends that are payable in cash and common stock at the election of each stockholder. The IRS has issued private letter rulings to other REITs treating certain distributions that are paid partly in cash and partly in stock as taxable dividends that would satisfy the REIT annual distribution requirement and qualify for the dividends paid deduction for federal income tax purposes. Those rulings may be relied upon only by the taxpayers to whom they were issued, but we could request a similar ruling from the IRS. In addition, the IRS previously issued a revenue procedure authorizing publicly traded REITs to make elective cash/stock dividends, but that revenue procedure does not apply to our 2012 and future taxable years. Accordingly, it is unclear whether and to what extent we will be able to make taxable dividends payable in cash and common stock.

If we made a taxable dividend payable in cash and common stock, taxable stockholders receiving such dividends will be required to include the full amount of the dividend as ordinary income to the extent of our current and accumulated earnings and profits, as determined for federal income tax purposes. As a result, stockholders may be required to pay income tax with respect to such dividends in excess of the cash dividends received. If a U.S. stockholder sells the common stock that it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our common stock at the time of the sale. Furthermore, with respect to certain non-U.S. stockholders, we may be required to withhold federal income tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in common stock. If we made a taxable dividend payable in cash and our common stock and a significant number of our stockholders determine to sell shares of our common stock in order to pay taxes owed on dividends, it may put downward pressure on the trading price of our common stock. We do not currently intend to pay a taxable dividend of our common stock and cash.

Item 1B.Unresolved Staff Comments.

None.

Item 2. Properties.

Our Portfolio

A list of our hotel properties owned as of December 31, 2011 and operating information for those hotels is included in the table below. We own our hotels in fee simple, except for five hotels, that are ground leased, as described in "-Our Hotel Operating Agreements – Ground Leases" below. According to STR's current chain scales, 34 of our hotels are categorized as upper midscale hotels, 28 of our hotels are categorized as upscale hotels, and eight of our hotels are categorized as midscale. All financial and room information is for the year ended December 31, 2011.

			Year Ended December 31, 2011				
Franchise/Brand	**Location**	**Later of Year of Opening or Conversion**	**# Rooms**	**Occupancy [1]**	**ADR [2]**	**RevPAR [3]**	**Segment**
Marriott							
Courtyard by Marriott ®	El Paso, TX	2011	90	72.82%	$ 116.09	$ 84.54	Upscale
Courtyard by Marriott ® (4)	Flagstaff, AZ	2009	164	71.52	94.11	67.31	Upscale
Courtyard by Marriott ® (4)	Germantown, TN	2005	93	62.10	93.97	58.35	Upscale
Courtyard by Marriott ® (4)	Jackson, MS	2005	117	59.92	93.49	56.02	Upscale
Courtyard by Marriott ® (4)	Memphis, TN	2005	96	67.96	70.22	47.72	Upscale
Courtyard by Marriott ® (4)	Missoula, MT	2005	92	67.07	99.51	66.74	Upscale
Courtyard by Marriott ® (4)	Scottsdale, AZ	2003	153	53.29	121.23	64.61	Upscale
Fairfield Inn by Marriott ® (4)	Baton Rouge, LA	2004	79	60.21	77.63	46.74	Upper midscale
Fairfield Inn by Marriott ® (4)	Bellevue, WA	1997	144	58.15	113.15	65.80	Upper midscale
Fairfield Inn by Marriott ® (4)	Boise, ID	1995	63	66.06	72.24	47.72	Upper midscale
Fairfield Inn by Marriott ® (4)	Denver, CO	1997	161	67.83	85.58	58.05	Upper midscale
Fairfield Inn by Marriott ® (4)	Emporia, KS	1994	57	65.17	77.50	50.51	Upper midscale
Fairfield Inn by Marriott ® (4)	Lakewood, CO	1995	63	62.47	85.18	53.22	Upper midscale
Fairfield Inn by Marriott ® (4)	Lewisville, TX	2000	71	57.92	74.11	42.93	Upper midscale
Fairfield Inn by Marriott ® (4)	Salina, KS	1994	63	68.17	73.04	49.79	Upper midscale
Fairfield Inn by Marriott ® (4)(5)	Spokane, WA	1995	84	58.33	104.26	60.81	Upper midscale
Fairfield Inn & Suites by Marriott ® (4)	Germantown, TN	2005	80	58.47	72.59	42.45	Upper midscale
Residence Inn by Marriott ® (4)	Fort Wayne, IN	2006	109	74.38	91.02	67.70	Upscale
Residence Inn by Marriott ® (4)	Germantown, TN	2005	78	65.24	96.56	63.00	Upscale
Residence Inn by Marriott ® (4)	Portland, OR	2009	124	84.00	101.31	85.10	Upscale
Residence Inn by Marriott ® (4)	Ridgeland, MS	2007	100	82.10	103.69	85.13	Upscale
SpringHill Suites by Marriott ® (4)	Baton Rouge, LA	2004	78	65.37	82.82	54.14	Upscale
SpringHill Suites by Marriott ® (4) (8)	Bloomington, MN	2011	113	82.24	82.03	67.46	Upscale
SpringHill Suites by Marriott ® (4)	Denver, CO	2007	124	67.27	98.28	66.11	Upscale
SpringHill Suites by Marriott ® (4)	Flagstaff, AZ	2008	112	71.20	92.73	66.02	Upscale
SpringHill Suites by Marriott ® (4)	Lithia Springs, GA	2004	78	53.13	73.50	39.05	Upscale
SpringHill Suites by Marriott ® (4)	Little Rock, AR	2004	78	66.79	80.28	53.62	Upscale
SpringHill Suites by Marriott ® (4)	Nashville, TN	2004	78	74.49	102.99	76.72	Upscale
SpringHill Suites by Marriott ® (4) (6)	Scottsdale, AZ	2003	121	50.01	105.13	52.58	Upscale
TownePlace Suites by Marriott ® (4)	Baton Rouge, LA	2004	90	78.36	72.41	56.74	Upper midscale
Subtotal/Weighted Average			**2,953**	**66.44**	**91.71**	**60.93**	
Hilton							
Doubletree ® (4) (8)	Baton Rouge, LA	2011	127	51.35	84.18	43.23	Upscale
Hampton Inn ® (4)	Denver, CO	2003	149	49.38	82.55	40.77	Upper midscale
Hampton Inn ® (4)	Fort Collins, CO	1996	75	65.63	90.93	59.67	Upper midscale
Hampton Inn ® (4)	Fort Smith, AR	2005	178	61.06	94.72	57.83	Upper midscale
Hampton Inn ® (4)	Fort Wayne, IN	2006	119	57.82	91.76	53.05	Upper midscale

Hampton Inn ® (4)	Medford, OR	2001	75	71.58	102.77	73.56	Upper midscale
Hampton Inn ® (4)	Twin Falls, ID	2004	75	64.51	88.39	57.02	Upper midscale
Hampton Inn ® (4)	Provo, UT	1996	87	66.34	87.91	58.32	Upper midscale
Hampton Inn ® (4)	Boise, ID	1995	63	72.09	88.79	64.01	Upper midscale
Hampton Inn & Suites ® (4)	Bloomington, MN	2007	146	74.48	119.08	88.69	Upper midscale
Hampton Inn & Suites ® (4)	El Paso, TX	2005	139	81.81	108.69	88.92	Upper midscale
Hampton Inn & Suites ® (4)	Fort Worth, TX	2007	105	65.45	110.33	72.21	Upper midscale
Hilton Garden Inn ® (4)	Duluth, GA	2011	122	68.84	102.47	70.54	Upscale
Hilton Garden Inn ® (4)	Fort Collins, CO	2007	120	64.71	92.25	59.70	Upscale
Homewood Suites ® (4)	Ridgeland, MS	2011	91	73.87	96.51	71.30	Upscale
Subtotal/Weighted Average			**1,671**	**65.03**	**97.69**	**63.53**	

IHG							
Holiday Inn ® (4) (8)	Boise, ID	2011	119	64.85%	$ 78.67	$ 51.02	Upper midscale
Holiday Inn ® (4)	Duluth, GA	2011	143	66.01	85.80	56.64	Upper midscale
Holiday Inn Express ® (4)	Boise, ID	2005	63	71.13	83.10	59.11	Upper midscale
Holiday Inn Express ®(7) (8)	Charleston, WV	2011	66	49.23	92.11	45.35	Upper midscale
Holiday Inn Express ® (4)	Vernon Hills, IL	2008	119	58.94	80.75	47.59	Upper midscale
Holiday Inn Express & Suites ® (4)	Emporia, KS	2000	58	74.99	89.77	67.32	Upper midscale
Holiday Inn Express & Suites ®	Las Colinas, TX	2007	128	51.42	83.41	42.89	Upper midscale
Holiday Inn Express & Suites ® (4)	Sandy, UT	1998	88	72.71	86.72	63.05	Upper midscale
Holiday Inn Express & Suites ® (4)	Twin Falls, ID	2009	91	61.99	92.04	57.06	Upper midscale
Staybridge Suites ® (4)	Glendale, CO	2011	121	80.19	109.76	88.01	Upper midscale
Staybridge Suites ® (4)	Jackson, MS	2007	92	65.43	87.29	57.11	Upper midscale
Subtotal/Weighted Average			**1,088**	**64.24**	**87.79**	**56.39**	
Hyatt							
Hyatt Place ® (4)	Atlanta, GA	2006	150	81.51	78.44	63.94	Upscale
Hyatt Place ®	Fort Myers, FL	2009	148	50.79	76.13	38.66	Upscale
Hyatt Place ® (4)	Las Colinas, TX	2007	122	65.92	92.48	60.96	Upscale
Hyatt Place ® (4)	Portland, OR	2009	136	81.24	89.99	73.11	Upscale
Subtotal/Weighted Average			**556**	**69.84**	**84.19**	**58.80**	
AmericInn							
AmericInn ®(8)	Fort Smith, AR	2011	89	39.68	63.84	25.33	Midscale
AmericInn ® (8)	Missoula, MT	2011	52	46.13	76.68	35.37	Midscale
AmericInn ® (4) (8)	Salina, KS	2011	60	44.53	66.73	29.71	Midscale
AmericInn ® (4) (8)	Twin Falls, ID	2011	111	51.97	70.52	36.65	Midscale
AmericInn ® (4)(8)	Lakewood, CO	2011	62	48.27	75.48	36.44	Midscale
Subtotal/Weighted Average			**374**	**46.42**	**70.28**	**32.63**	
Starwood							
Aloft ® (4)	Jacksonville, FL	2009	136	70.19	63.06	44.26	Upscale
Carlson							
Country Inn & Suites By Carlson ®	Charleston, WV	2001	64	74.09	97.21	72.02	Midscale
Country Inn & Suites By Carlson ® (4)(8)	San Antonio, TX	2011	126	52.62	77.98	41.03	Midscale
Subtotal/Weighted Average			**190**	**59.85**	**86.00**	**51.47**	
Independent							
Aspen Hotel & Suites ® (4)	Fort Smith, AR	2003	57	47.16	65.16	30.73	Midscale
Aspen Hotel & Suites ®(8)	Fort Worth, TX	2011	70	40.30	77.38	31.18	Upper Midscale
			127	**43.38**	**71.42**	**30.98**	
Total/Weighted Average			**7,095**	**64.45%**	**$ 90.03**	**$ 58.02**	

(1) Occupancy represents the percentage of available rooms that were sold during a specified period of time and is calculated by dividing the number of rooms sold by the total number of rooms available, expressed as a percentage.

(2) ADR represents the average daily rate paid for rooms sold, calculated by dividing room revenue (i.e., excluding food and beverage revenue or other hotel operations revenue such as telephone, parking and other guest services) by rooms sold.

(3) RevPAR is the product of ADR and occupancy. RevPAR does not include food and beverage revenue or other hotel operations revenue such as telephone, parking and other guest services.

(4) This hotel is subject to mortgage debt at December 31, 2011. For additional information concerning our debt and lenders, please see Item 7. "Management's Discussion and Analysis of Financial Information and Results of Operations—Indebtedness" and Item 8. "Financial Statements and Supplementary Data—Note 11" to Consolidated Financial Statements.

(5) The Spokane, WA Fairfield Inn room count decreased from 86 to 84 in fourth quarter 2011 as a result of capital improvements at the hotel.

(6) The Scottsdale, AZ SpringHill Suites room count decreased from 123 to 121 in fourth quarter 2011 as a result of capital improvements at the hotel.

(7) The Charleston, WV Holiday Inn Express room count decreased from 67 to 66 in fourth quarter 2011 as a result of renovations related to the

franchise conversion from a Comfort Suites to a Holiday Inn Express.

(8) The conversion date reflects the conversion to a new franchise brand due to the termination of the franchise license agreements for 11 of our hotels during 2011.

We have acquired one hotel since December 31, 2011.

As of February 27, 2012, we have also entered into agreements to purchase two additional hotels for an aggregate purchase price of approximately $20.2 million. We anticipate acquiring these hotels in the first quarter of 2012. See also "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources."

In addition to our hotel portfolio, we own 14 parcels of vacant land that we believe are suitable for the development of new hotels, the possible expansion of existing hotels or the development of restaurants in proximity to certain of our hotels. We currently do not intend to develop new hotels or restaurants or expand any of our existing hotels at these parcels. We may in the future sell these parcels when market conditions warrant. To reduce the risk of incurring a prohibited transaction tax on any sales, we may transfer some or all of those parcels of undeveloped land to our TRSs.

Our Hotel Operating Agreements

Ground Leases

Five of our hotels are subject to ground lease agreements that cover all of the land underlying the respective hotel property.

- The AmericInn located in Fort Smith, Arkansas is subject to a ground lease with an initial lease termination date of August 31, 2022. The initial lease term may be extended for an additional 30 years. Annual ground rent currently is $50,100 per year. Annual ground rent is adjusted every fifth year with adjustments based on the Consumer Price Index for All Urban Consumers. The next scheduled ground rent adjustment is January 1, 2015.

- The Hampton Inn located in Fort Smith, Arkansas is subject to a ground lease with an initial lease termination date of May 31, 2030 with 11, five-year renewal options. Annual ground rent currently is $132,461 per year. Annual ground rent is adjusted on June 1 of each year, with adjustments based on increases in the hotel's RevPAR calculated in accordance with the terms of the ground lease.

- The Residence Inn by Marriott located in Portland, Oregon is subject to a ground lease with an initial lease termination date of June 30, 2084 with one option to extend for an additional 14 years. Ground rent for the initial lease term was prepaid in full at the time we acquired the leasehold interest. If the option to extend is exercised, monthly ground rent will be charged based on a formula established in the ground lease.

- The Hyatt Place located in Portland, Oregon is subject to a ground lease with a lease termination date of June 30, 2084 with one option to extend for an additional 14 years. Ground rent for the initial lease term was prepaid in full at the time we acquired the leasehold interest. If the option to extend is exercised, monthly ground rent will be charged based on a formula established in the ground lease.

- The Holiday Inn located in Duluth, Georgia is subject to a ground lease with a lease termination date of April 1, 2069. Annual ground rent currently is $198,057 per year. Annual rent is increased annually by 3% for each successive lease year, on a cumulative basis.

These ground leases generally require us to make rental payments and payments for our share of charges, costs, expenses, assessments and liabilities, including real property taxes and utilities. Furthermore, these ground leases generally require us to obtain and maintain insurance covering the subject property.

Franchise Agreements

All of our hotels, except for our two independent hotels, currently operate under franchise agreements with Marriott, Hilton, IHG, Hyatt, Starwood Hotels and Resorts Worldwide, Inc. ("Starwood"), AmericInn International, LLC and Country Inns & Suites By Carlson, Inc. We believe that the public's perception of the quality associated with a brand-name hotel is an important feature in its attractiveness to guests. Franchisors provide a variety of benefits to franchisees, including centralized reservation systems, national advertising, marketing programs and publicity designed to increase brand awareness, training of personnel and maintenance of operational quality at hotels across the brand system.

The franchise agreements require our TRS lessees, as franchisees, to pay franchise fees ranging between 2% and 6% of each hotel's gross revenue. In addition, some of our franchise agreements will require our TRS lessees to pay marketing fees of up to 4% of each hotel's gross revenue. These agreements generally specify management, operational, record-keeping, accounting, reporting and marketing standards and procedures with which our TRS lessees, as the franchisees, must comply. The franchise agreements obligate our TRS lessees to comply with the franchisors' standards and requirements, including training of operational personnel, safety, maintaining specified insurance, the types of services and products ancillary to guest room services that may be provided by the TRS lessee, display of signage and the type, quality and age of furniture, fixtures and equipment included in guest rooms, lobbies and other common areas. Some of the agreements require that we deposit a set percentage, generally not more than 5% of the gross revenue of the hotels, into a reserve fund for capital expenditures.

We have agreed with certain of our franchisors to complete property improvement plans, with completion dates ranging from March 2011 to August 2015. We expect to spend approximately $18.2 million before December 31, 2012 for capital improvements pursuant to these plans. We intend to fund the cost of completing these plans with future offerings of our securities and borrowings under our secured revolving credit facility.

Hotel Management Agreements

In order to qualify as a REIT, we cannot directly or indirectly operate any of our hotels. Our operating partnership and subsidiaries of our operating partnership lease our hotels to our TRS lessees, which engage property managers to manage our hotels. On February 14, 2011, our TRS lessees entered into a hotel management agreement with Interstate. We may, but we are not required to, enter into hotel management agreements with Interstate for any additional hotels that we may acquire. As of February 27, 2012, Interstate and its affiliate, Noble Management Group, LLC ("Noble"), manage 69 of our 71 hotels.

Pursuant to the hotel management agreement with Interstate, our TRS lessees are required to fund working capital needs, fixed asset supplies, capital expenditures and operating expenses of the hotels. Interstate, subject to certain limited owner approval rights, has control of all operational aspects of the hotels, including employee-related matters. Interstate is required to maintain each hotel in good repair and condition and make such routine maintenance and repairs as are reasonably necessary or appropriate consistent with the business plan we approve.

A significant percentage of our hotels are managed by Interstate. Under the hotel management agreement entered into with Interstate on February 14, 2011, which has an initial term expiring on February 14, 2021 (unless earlier terminated pursuant to its terms), we pay Interstate a base management fee and, if certain financial thresholds are met or exceeded, an annual incentive management fee. The base management fee, which is paid on a monthly basis, is 3% of total revenues for all of the hotels covered by the hotel management agreement. For purposes of the hotel management agreement, "total revenues" is defined as all income, revenue and proceeds resulting directly or indirectly from the operation of the hotels and all of their facilities (net of refunds and credits to guests and other allowances) before subtracting expenses. An annual incentive fee is payable to Interstate, if earned, in the amount equal to 10% of the amount by which actual aggregate EBITDA for all hotels covered by the hotel management agreement exceeds $65 million, subject to adjustment for increases and decreases in the number of hotels covered by the hotel management agreement. For purposes of the hotel management agreement, "EBITDA" is defined as the amount by which gross operating profit (the amount by which total revenues exceed operating expenses) exceeds fixed charges. The annual incentive fee for any fiscal year (or partial fiscal year) is capped at 1.5% of the total revenues for all of the hotels covered by the hotel management agreement for that fiscal year. In addition, Interstate receives, on a monthly basis, a fee for the use of its centralized accounting services in an amount equal to $1,500 per hotel per month for hotels with 90 or more rooms and $1,375 per hotel per month for hotels with less than 90 rooms, subject to annual increases of the lesser of (i) the percentage change in the Consumer Price Index for the previous fiscal year and (ii) 3%.

The hotel management agreement may be terminated entirely or with respect to individual hotels, as applicable, for cause, without cause, due to damage or condemnation of a hotel, on Interstate's failure to comply with certain REIT-related provisions of the Code, upon a hotel's underperformance, due to Interstate entering into competition with one of our hotels and upon the sale of a hotel. Termination under certain circumstances, such as termination due to our default under the hotel management agreement, termination due to sale of a hotel, termination due to damage or condemnation and termination without cause, shall require payment by us of a termination fee which would provide Interstate with a 30% Internal Rate of Return with respect to such hotel, however, solely for the first five terminations, if the effective date of such termination occurs on or before the end of the eighteenth month following the effective date of the agreement, the Internal Rate of Return shall be 20% instead of 30%.

We amended our hotel management agreement with Interstate effective as of June 30, 2011, to reduce the base management fee paid to Interstate for 55 of our hotels for the period from April 1, 2011 through June 30, 2011 by an aggregate of $565,000. We and Interstate entered into the amendment to address operational challenges experienced at the hotels during the second quarter of 2011. In return for this one-time reduction in management fee, we provided an additional future incentive to Interstate, which is payable if earned, based on improvement of gross operating profits at the 55 hotels. The aggregate maximum potential incentive is equal to the amount of the one-time reduction in base management fee and was earned in full during the fourth quarter of 2011. Thus, the incentive will be paid in the first quarter of 2012.

On April 27, 2011, we entered into a contract with IHG Management (Maryland), LLC ("IHG Management") to manage the143-room Holiday Inn hotel in Duluth, Georgia pursuant to a hotel management agreement with a 20-year term, which is extendable at IHG's option, upon written notice and if IHG Management is not then in default on the agreement, by up to two five-year terms.

On May 25, 2011, we entered into a contract with Noble to manage the 122-room Hilton Garden Inn hotel in Duluth, Georgia pursuant to a hotel management agreement with a 3-year term, which is extendable at Noble's option, upon written notice and if Noble is not then in default on the agreement, by up to two three-year terms. In conjunction with this contract, the Company has agreed to enter into additional hotel management agreements with Noble up to a capped amount, which left unfulfilled could lead to the assessment of future fees under the agreement. In December 2011, Interstate acquired Noble, thus Interstate manages this hotel.

On January 12, 2012, we assumed a contract with Courtyard Management Corporation to manage the 150-room Courtyard by Marriott in Atlanta, Georgia. The contract has a 25 year term, which automatically renews on the same terms and conditions for two successive periods of ten years unless either we or Courtyard Management Corporation elects not to renew.

Former Choice Hotels

On March 23, 2011, Choice notified us of the immediate termination of the franchise agreements for ten of our hotels, and the termination of our Cambria Suites, Bloomington, Minnesota franchise agreement on June 23, 2011. We refer to these 11 hotels, containing 995 guestrooms, as the "former Choice hotels."

As of December 31, 2011, ten of these hotels (containing an aggregate of 925 guestrooms) were operating under new franchise brands and one of the hotels (containing 70 guestrooms) was operating independently. Of the ten hotels operating under new franchise brands, six hotels (containing an aggregate of 441 guestrooms) were operating under lesser-known franchise brands, which provide lower levels of marketing support and guest loyalty programs that may not be as strong as those of the larger, well-known brands. As a result, occupancy, ADR, RevPAR and revenues for these hotels have been adversely affected and we may not achieve the operating performance we had previously anticipated. We entered into a new franchise agreement for the Fort Worth, Texas hotel currently operating independently, that will permit the hotel to operate as a Fairfield Inn and Suites, upon completion of certain capital improvements anticipated to be completed in May 2012, although we can give no assurances that we will complete this project and operate the hotel under the new franchise agreement within the stated timeframe or at all.

The affected hotels include:

Location	Former Brand	New Franchise Brand	Number of Units
Baton Rouge, LA	Cambria Suites	DoubleTree by Hilton	127
San Antonio, TX	Cambria Suites	Country Inn & Suites	126
Boise, ID	Cambria Suites	Holiday Inn	119
Bloomington, MN	Cambria Suites	SpringHill Suites	113
Fort Worth, TX	Comfort Suites	Fairfield Inn & Suites	70
Charleston, WV	Comfort Suites	Holiday Inn Express	66
Lakewood, CO	Comfort Suites	AmericInn	62
Twin Falls, ID	Comfort Inn & Suites	AmericInn	111
Fort Smith, AR	Comfort Inn	AmericInn	89
Salina, KS	Comfort Inn	AmericInn	60
Missoula, MT	Comfort Inn	AmericInn	52

The termination of the franchise agreements with respect to the former Choice hotels has had a negative effect on our operating results for the twelve months ended December 31, 2011. From the date of the Choice franchise terminations until the former Choice hotels began operating under new franchise licenses they did not have access to a national reservations system, resulting in significant reductions in occupancy, thus negatively affecting RevPAR and hotel operating revenues. For the 11 former Choice hotels, for the twelve months ended December 31, 2011, occupancy declined to 53.9% from 65.7% for the twelve months ended December 31, 2010. For the twelve months ended December 31, 2011, ADR decreased to $77.88 from $77.99 for the twelve months ended December 31, 2010. As a result, RevPAR for the 11 former Choice hotels declined from $51.24 for the twelve months ended December 31, 2010 to $41.95 for the twelve months ended December 31, 2011.

Item 3. Legal Proceedings.

We are involved from time to time in litigation arising in the ordinary course of business, however, other than the Choice proceedings described below, we are not currently aware of any actions against us that we believe would materially adversely affect our business, financial condition or results of operations.

On March 23, 2011, Choice terminated franchise agreements on ten of our hotels, effective on that date. Choice also terminated the franchise agreement for the Cambria Suites, Bloomington, Minnesota effective June 23, 2011. On March 24, 2011, we filed an arbitration action with the American Arbitration Association against Choice claiming wrongful termination of our franchise agreements. In response to our arbitration action, Choice asserted counterclaims of fraudulent inducement, negligent misrepresentation, breach of contract and trademark infringement. The claimants in the arbitration include Summit REIT, Summit OP, the General Partner, our predecessor, Summit Hospitality I, LLC, Summit Hospitality V, LLC, The Summit Group, Inc., and each of the TRSs that leased one of the former Choice hotels (collectively, “Summit Parties”). Choice’s counterclaim seeks from the Summit Parties approximately $3.9 million in actual damages for the alleged breaches of contract and misrepresentation, $2 million in punitive damages, $120,000 in damages for trademark infringement, and reimbursement of costs and attorneys' fees related to all claims.

On March 31, 2011, Choice filed suit in United States District Court in Maryland against the Summit Parties claiming trademark infringement and breach of contract. Choice’s complaint seeks $27,271 in damages for unpaid royalties, $297,000 in liquidated damages, additional actual damages to be proven at trial, and reimbursement of costs and attorneys’ fees related to all claims. The parties agreed to address their remaining claims solely through arbitration, and the United States District Court case was administratively closed as of July 26, 2011. The damage claims made in the United States District Court case are duplicative to those described in the arbitration paragraph above. We vehemently deny all asserted claims and are vigorously defending the claims.

The arbitration hearings were held in December 2011 and January 2012. Findings from the arbitration panel are expected in late March or April 2012. We are unable to estimate a range of gain or losses as it relates to these claims.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

The common stock of Summit REIT began trading on the NYSE on February 9, 2011 under the symbol "INN." Prior to that time, there was no public trading market for the common stock of Summit REIT. The last reported sale price for Summit REIT's common stock as reported on the NYSE on February 27, 2012 was $10.00 per share. The following table sets forth the high and low sales price per share of common stock per quarter reported on the New York Stock Exchange as traded, and the distributions declared on the common stock and Common Units for each of the quarters indicated.

Year Ended December 31, 2011	High	Low	Distribution Declared Per Common Share and Common Unit
Fourth Quarter	$ 9.77	$ 6.16	$ 0.1125
Third Quarter	11.47	6.68	0.1125
Second Quarter	11.63	9.90	0.05625
Period Feb 9, 2011 through March 31, 2011	10.40	9.26	--

There is currently no established public trading market for the Common Units of Summit OP. No public trading market for the Common Units is expected to develop. Pursuant to the terms of the partnership agreement, holders of 10,100,000 Common Units (other than the General Partner and Summit REIT) may exercise their right to tender those Common Units for redemption. Any Common Units tendered for redemption will be redeemed in exchange for either (i) shares of our common stock, on a one-for-one basis, or (ii) a cash amount based upon a ten-day average of the closing sale price of our common stock on the NYSE, as described in the partnership agreement.

Shareholder Information

As of February 15, 2012, the common stock of Summit REIT was held of record by five holders and there were 27,278,000 shares of common stock outstanding as of February 27, 2012. As of February 27, 2012, the Common Units of Summit OP were held by 983 holders of record and there were 37,378,000 Common Units of Summit OP outstanding, including 27,278,000 Common Units held by the General Partner and Summit REIT.

Distribution Information

As a REIT, Summit REIT must distribute annually to its stockholders an amount at least equal to 90% of its REIT taxable income, determined without regard to the deduction for dividends paid and excluding any net capital gain. Summit REIT will be subject to income tax on its taxable income that is not distributed and to an excise tax to the extent that certain percentages of its taxable income are not distributed by specified dates. Summit REIT's cash available for distribution may be less than the amount required to meet the distribution requirements for REITs under the Code, and Summit REIT may be required to borrow money, sell assets or issue capital stock to satisfy the distribution requirements.

The timing and frequency of distributions will be authorized by the Summit REIT board of directors, in its sole discretion, and declared by Summit REIT based upon a variety of factors deemed relevant by its directors, including financial condition, restrictions under applicable law and loan agreements, capital requirements and the REIT requirements of the Code. Summit REIT's ability to make distributions will generally depend on receipt of distributions from Summit OP, which depends primarily upon lease payments from our TRS lessees with respect to our hotels.

Summit OP intends to make quarterly distributions to holders of Common Units in a per-unit amount that is equal to the per-share amount paid by Summit REIT to the holders of Summit REIT common stock.

We are generally restricted from declaring or paying any distributions, or setting aside any funds for the payment of distributions, on our common stock or the Common Units unless full cumulative distributions on the Series A Preferred Stock and Series A Preferred Units have been declared and either paid or set aside for payment in full for all past distribution periods.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table provides information as of December 31, 2011 with respect to our securities, and the securities of our operating partnership, that may be issued under existing equity compensation plans:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options	Weighted Average Exercise Price of Outstanding Options	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans [1]
Equity Compensation Plans Approved by Summit REIT Stockholders [2]	940,000	$ 9.75	1,374,290
Equity Compensation Plans Not Approved by Summit REIT Stockholders	—	—	—
Total	940,000	$ 9.75	1,374,290

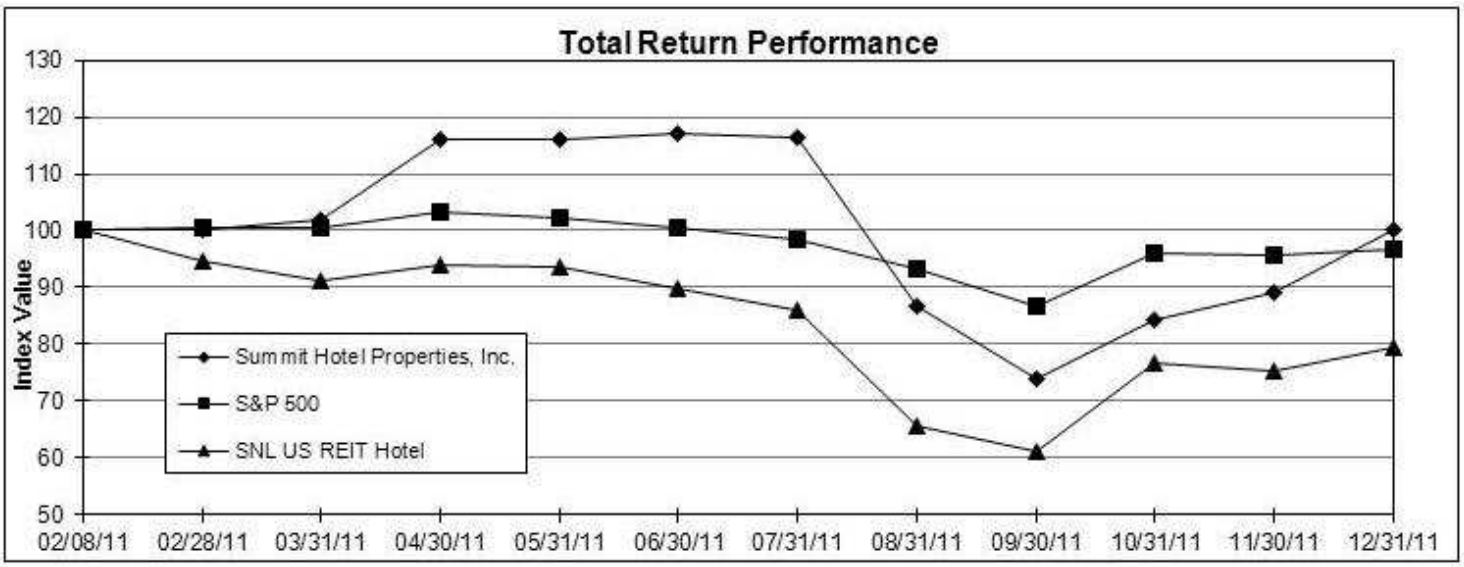
(1) Excludes securities reflected in the column entitled "Number of Securities to be Issued Upon Exercise of Outstanding Options." Summit OP has not adopted any equity compensation plans; however, long-term incentive plan units ("LTIP Units"), a special class of partnership units in Summit OP, may be issued by Summit OP pursuant to Summit REIT's 2011 Equity Incentive Plan. Neither Summit REIT nor Summit OP has any current plans to issue LTIP Units pursuant to the Summit REIT's 2011 Equity Incentive Plan.

(2) Consists of Summit REIT's 2011 Equity Incentive Plan, which was approved by Summit REIT's board of directors and the Summit REIT's sole stockholder prior to completion of the IPO.

Share Performance Graph

The following graph compares the yearly change in our cumulative total shareholder return on our common shares for the period beginning February 8, 2011 and ending December 31, 2011, with the yearly changes in the Standard and Poor's 500 Stock Index (the S&P 500 Index), and the SNL US REIT Hotel Index for the same period, assuming a base share price of $100.00 for our common shares, the S&P 500 Index, and the SNL US REIT Hotel Index for comparative purposes. The SNL US REIT Hotel Index is composed of publicly traded REITs which focus on investments in hotel properties. Total shareholder return equals appreciation in stock price plus dividends paid and assumes that all dividends are reinvested. The performance graph is not indicative of future investment performance. We do not make or endorse any predictions as to future share price performance.

	Period Ending											
Index	**02/08/11**	**02/28/11**	**03/31/11**	**04/30/11**	**05/31/11**	**06/30/11**	**07/31/11**	**08/31/11**	**09/30/11**	**10/31/11**	**11/30/11**	**12/31/11**
Summit Hotel Properties, Inc.	$100.00	$100.00	$101.95	$116.21	$116.07	$117.00	$116.28	$86.62	$73.86	$84.43	$89.27	$100.08
S&P 500	100.00	100.36	100.40	103.37	102.20	100.50	98.45	93.10	86.56	96.02	95.81	96.79
SNL US REIT Hotel	100.00	94.76	91.31	94.04	93.63	89.67	86.01	65.77	61.20	76.77	75.32	79.51



Securities Sold

There were no unregistered sales of equity securities during the year ended December 31, 2011 other than as previously reported in our Current Report on Form 8-K filed with the SEC on February 18, 2011 relating to the concurrent private placement and the formation transactions.

Item 6. Selected Financial Data.

The following financial and operating information should be read in conjunction with the information set forth under "Management's Discussion and Analysis of Financial Conditions and Results of Operations" and our consolidated financial statements and related notes thereto appearing elsewhere in this report and incorporated herein by reference.

Statement of Operations Data
(in thousands, except share and per-share data)

	Summit REIT	Our Predecessor	Combined	Our Predecessor Year Ended December 31,			
	Period February 14, 2011 through December 31, 2011	Period January 1, 2011 through February 13, 2011	Twelve Months Ended December 31, 2011	2010	2009	2008	2007
REVENUES							
Room revenues	$ 131,638	$ 14,268	$ 145,906	$ 133,069	$ 118,960	$ 132,796	$ 112,043
Other hotel operations revenues	2,646	330	2,976	2,566	2,240	2,311	1,846
Total Revenues	**134,284**	**14,598**	**148,882**	**135,635**	**121,200**	**135,107**	**113,889**
EXPENSES							
Hotel Operating Expenses							
Rooms	40,138	4,961	45,099	41,129	36,720	36,517	30,118
Other direct	17,672	2,658	20,330	17,692	18,048	19,831	19,710
Other indirect	35,870	4,686	40,556	36,466	32,389	33,318	27,466
Other	700	73	773	615	681	330	481
Total Hotel Operating Expenses	94,380	12,378	106,758	95,902	87,838	89,996	77,775
Depreciation and amortization	26,378	3,429	29,807	27,251	23,971	22,308	16,136
Corporate general and administrative:							
Salaries and other compensation	2,641	—	2,641	—	—	—	—
Other	3,440	—	3,440	—	—	—	—
Equity based compensation	480	—	480	—	—	—	—
Hotel property acquisition costs	254	—	254	367	1,389	1,571	1,640
Loss on impairment of assets	—	—	—	6,476	7,506	—	—
Total Expenses	**127,573**	**15,807**	**143,380**	**129,996**	**120,704**	**113,875**	**95,551**
INCOME (LOSS) FROM OPERATIONS	**6,711**	**(1,209)**	**5,502**	**5,639**	**496**	**21,232**	**18,338**
OTHER INCOME (EXPENSE)							
Interest income	16	7	23	47	50	194	446
Interest expense	(13,193)	(4,666)	(17,859)	(26,362)	(18,321)	(17,026)	(14,214)
Gain (loss) on disposal of assets	(36)	—	(36)	(42)	(4)	(390)	(652)
Total Other Income (Expense)	**(13,213)**	**(4,659)**	**(17,872)**	**(26,357)**	**(18,275)**	**(17,222)**	**(14,420)**
INCOME (LOSS) FROM CONTINUING OPERATIONS	**(6,502)**	**(5,868)**	**(12,370)**	**(20,718)**	**(17,779)**	**4,010**	**3,918**
INCOME FROM DISCONTINUED OPERATIONS	**—**	**—**	**—**	—	**1,465**	**10,278**	**11,587**
NET INCOME (LOSS) BEFORE INCOME TAXES	**(6,502)**	**(5,868)**	**(12,370)**	**(20,718)**	**(16,314)**	**14,288**	**15,505**
INCOME TAX (EXPENSE) BENEFIT	2,325	(339)	1,986	(202)	—	(825)	(715)
NET INCOME (LOSS)	**(4,177)**	**(6,207)**	**(10,384)**	**(20,920)**	**(16,314)**	**13,463**	**14,790**
NET INCOME (LOSS) ALLOCATED TO NON-CONTROLLING INTEREST	(1,240)		(1,240)				
NET INCOME (LOSS) ALLOCATED TO COMPANY	(2,937)	(6,207)	(9,144)	(20,920)	(16,314)	13,463	14,790

PREFERRED DIVIDENDS	(411)	—	(411)	—	—	—	—
NET INCOME (LOSS) ALLOCATED TO COMMON STOCKHOLDERS	**$ (3,348)**	**$ (6,207)**	**$ (9,555)**	**$ (20,920)**	**$ (16,314)**	**$ 13,463**	**$ 14,790**
Loss per share attributable to common stockholders, basic and diluted	$ (0.12)						
Dividends declared per common share	$ 0.28						
Weighted-average number of common shares, basic and diluted	27,278,000						
Balance Sheet Data (in millions)							
Total Assets	$ 554	N/A	$ 554	$ 493	$ 518	$ 495	$ 448
Mortgages and Notes Payable	217	N/A	217	420	426	390	337

Our predecessor's equity interests consisted of four different classes of limited liability company membership interests that were not publicly traded, thus, a discussion of its selected earnings data would not be meaningful.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion should be read in conjunction with the "Selected Financial Data," Summit REIT's and Summit OP's audited consolidated financial statements as of and for the year ended December 31, 2011, and related notes thereto, our predecessor's audited consolidated financial statements as of December 31, 2010 and for the years ended December 31, 2010 and 2009, and related notes thereto, appearing elsewhere in this report.

Overview

We are a self-managed hotel investment company that was organized in June 2010 to continue and expand the existing hotel investment business of our predecessor, Summit Hotel Properties, LLC, a leading U.S. hotel owner. We focus on acquiring and owning premium-branded select-service hotels in the upper midscale and upscale segments of the U.S. lodging industry, as these segments are currently defined by STR. We completed our IPO, a concurrent private placement of our common stock and our formation transactions on February 14, 2011, netting approximately $240.8 million from the IPO and concurrent private placement, after underwriting discounts and the payment by us of offering-related costs.

We had no business activities prior to completion of the IPO and the formation transactions on February 14, 2011. As a result of the formation transactions, we acquired sole ownership of the 65 hotels in our predecessor's portfolio. In addition, we assumed the indebtedness of our predecessor and its subsidiaries. Our predecessor is considered the acquiror for accounting purposes and its financial statements became our financial statements upon completion of the formation transactions.

Since completion of our IPO, we have acquired six hotels with a total of 717 guestrooms located in four states for purchase prices aggregating approximately $78.6 million. As of December 31, 2011, our portfolio consisted of 70 hotels with a total of 7,095 guestrooms located in 19 states. Substantially all of our assets are held by, and all of our operations are conducted through, Summit OP. Through a wholly owned subsidiary, Summit REIT is the sole general partner of Summit OP. As of December 31, 2011, Summit REIT owned all of Summit OP's issued and outstanding Series A Preferred Units. Furthermore, as of December 31, 2011, Summit REIT owned approximately 73.0% of Summit OP's issued and outstanding Common Units, including Common Units representing the sole general partnership interest. The other limited partners of Summit OP, including The Summit Group and the other former members of our predecessor, which include executive officers and directors of the Company, own the remaining Common Units as of December 31, 2011. Pursuant to the partnership agreement of Summit OP, through our General Partner, we have full, exclusive and complete responsibility and discretion in the management and control of Summit OP, including the ability to cause Summit OP to enter into certain major transactions including acquisitions, dispositions and refinancings, to make distributions to partners and to cause changes in Summit OP's business activities. On October 28, 2011, Summit REIT completed a follow-on public offering of 2,000,000 shares of its 9.25% Series A cumulative redeemable preferred stock, in which it raised net proceeds, after deducting the underwriting discount and estimated offering costs, of approximately $47.9 million. The proceeds from this offering were used to pay down the principal balance of our revolving credit facility.

Recent Developments

On January 12, 2012, we purchased 90% of the ownership interests in the 150 unit Courtyard by Marriott hotel in Atlanta, Georgia for a purchase price of approximately $28.5 million, or approximately $190,000 per key. Upon expiration of tax credits related to the hotel in approximately four years, we will be able to take assignment of the remaining ownership of the hotel for approximately $350,000. We expect to perform a minor renovation of approximately $230,000, for a combined purchase price and renovation cost of approximately $191,500 per key. We funded the purchase price of this acquisition through the assumption of a term loan with Empire Financial with a principal balance of $19.0 million and the remainder with borrowings under our senior secured revolving credit facility. In connection with this acquisition, we have engaged Courtyard Management to manage the hotel pursuant to a hotel management agreement. We own our 90% ownership interest in the Courtyard by Marriott hotel through one of our TRSs.

On February 13, 2012, we closed on the consolidation and refinance of our four loans with ING Life Insurance and Annuity, which four loans collectively had an aggregate outstanding balance of approximately $69.5 million as of December 31, 2011. The loans were consolidated into a single 7-year term loan with a principal balance of $67.5 million, maturity date of March 1, 2032, amortized over 20 years and bearing an annual interest rate of 6.10%, collateralized by first mortgage liens on 16 properties containing 1,639 guestrooms. The lender has the right to call the loan so as to be payable in full at March 1, 2019, March 1, 2024 and March 1, 2029. If the loan is repaid prior to maturity, other than if called by the Lender, there is a prepayment penalty equal to the greater of (i) 1% of the principal being repaid and (ii) the yield maintenance premium. Pursuant to the consolidation, the mortgages on the Courtyard by Marriott, Missoula, Montana and the Courtyard by Marriott, Memphis, Tennessee were released and new mortgages were taken on the Country Inn & Suites and the Holiday Inn Express in Charleston, West Virginia.

On February 14, 2012, we closed on the refinance of our loan with Metabank, which had an outstanding balance as of the date of closing of approximately $7.0 million. The loan matures February 1, 2017, is amortized over approximately 17 years, and bears an annual interest rate of 4.95%. The prepayment penalty is 3% in the first 2 years, 2% in year 3, and 1% in years 4 and 5. The loan is collateralized by first mortgages on two hotels containing 197 guestrooms.

Industry Trends and Outlook

Room-night demand in the U.S. lodging industry is correlated to macroeconomic trends. Key drivers of demand include growth in gross domestic product, or GDP, corporate profits, capital investments and employment. Following periods of recession, recovery of room-night demand for lodging historically has lagged improvements in the overall economy. However, in the economic recovery beginning in early 2010, room-night demand has led improvements in the overall economy.

PricewaterhouseCoopers LLP projects RevPAR growth increases in 2012 for upscale hotels, upper midscale hotels and midscale hotels of 7.4%, 5.8% and 4.5%, respectively. Although we expect that our hotels will realize meaningful RevPAR gains as the economy and lodging industry continue to improve, the risk exists that global economic conditions may cause the United States economic recovery to stall, which likely would adversely affect our growth expectations.

While we are guardedly optimistic about macro-economic conditions and their effect on demand for our guestrooms, we feel relatively confident that our near-term results will not be adversely affected by increased lodging supply in our markets. Growth in lodging supply typically lags growth in room-night demand. Key drivers of lodging supply include the availability and cost of capital, construction costs, local real estate market conditions and availability and pricing of existing properties. As a result of scarcity of financing, severe recession and declining operating fundamentals during 2008 and 2009, many planned hotel developments were cancelled or postponed. According to Lodging Econometrics, approximately 339 new hotels with 38,287guestrooms will open during 2012 and 370 hotels with 28,248 guestrooms will open in 2013. This compares to 5,883 new hotels with 785,547 guestrooms that opened during 2008.

If the general economy does not continue its recovery for any number of reasons, including, among others, an economic slowdown and other events outside of our control, such as terrorism or significantly increased gasoline prices, lodging industry fundamentals may not improve as expected. In the past, similar events have adversely affected the lodging industry and if these events recur, they may adversely affect the lodging industry in the future.

Operating Performance Metrics

We use a variety of operating and other information to evaluate the financial condition and operating performance of our business. These key indicators include financial information that is prepared in accordance with generally accepted accounting principles ("GAAP"), as well as other financial information that is not prepared in accordance with GAAP. In addition, we use other information that may not be financial in nature, including statistical information and comparative data. We use this information to measure the performance of individual hotels, groups of hotels and/or our business as a whole. We periodically compare historical information to our internal budgets as well as industry-wide information. These key indicators include:

- Occupancy;
- ADR; and
- RevPAR.

Occupancy, ADR and RevPAR are commonly used measures within the hotel industry to evaluate operating performance. RevPAR, which is calculated as the product of ADR and occupancy, is an important statistic for monitoring operating performance at the individual hotel level and across our business as a whole. We evaluate individual hotel RevPAR performance on an absolute basis with comparisons to budget and prior periods, as well as on a company-wide and regional basis. ADR and RevPAR include only room revenue. Room revenue depends on demand, as measured by occupancy, pricing, as measured by ADR, and our available supply of hotel rooms. Our ADR, occupancy and RevPAR performance may be affected by macroeconomic factors such as regional and local employment growth, personal income and corporate earnings, office vacancy rates and business relocation decisions, airport and other business and leisure travel, new hotel construction and the pricing strategies of competitors. In addition, our ADR, occupancy and RevPAR performance is dependent on the continued success of our franchisors and their brands.

Seasoned and Unseasoned Hotel Information for our Initial Portfolio

As we disclosed in the prospectus for the IPO, the hotels we acquired from our predecessor in our formation transactions consisted of 65 hotels, 46 of which we considered at the time of our IPO to be "seasoned" and 19 of which we considered at the time of our IPO to be "unseasoned" hotels. At the time of our IPO, we designated hotels as "seasoned" based on their construction or acquisition date and we designated hotels as "unseasoned" if they had been built after January 1, 2007 or experienced a brand conversion since January 1, 2008. The following table sets forth various statistical and operating information for the 65 hotels in our initial portfolio at the time of our IPO based on the seasoned and unseasoned designation on a total portfolio basis, and excluding the 11 former Choice hotels, and the equivalent information and designations for just the 11 former Choice hotels (dollars in thousands, except ADR and RevPAR):

	Twelve Months Ended December 31,		Percentage Change
	2011	2010	
Initial Portfolio (65 hotels)			
Average number of rooms	6,533	6,533	-
Revenue	$ 138,948	$ 135,635	2.4%
Hotel Operating Expense	$ 99,896	$ 95,902	4.2%
Occupancy	64.0%	63.7%	0.5%
ADR	$ 89.38	$ 87.59	2.0%
RevPAR	$ 57.23	$ 55.80	2.6%
Seasoned (46 hotels)			
Occupancy	62.4%	64.1%	(2.7)%
ADR	$ 88.52	$ 87.75	0.9%
RevPAR	$ 55.28	$ 56.22	(1.7)%
Seasoned, excluding seven former Choice hotels (39 hotels)			
Occupancy	64.7%	64.2%	0.8%
ADR	$ 89.94	$ 89.01	1.1%
RevPAR	$ 58.23	$ 57.17	1.9%
Unseasoned (19 hotels)			
Occupancy	66.8%	63.1%	5.9%
ADR	$ 90.79	$ 87.29	4.0%
RevPAR	$ 60.68	$ 55.06	10.2%
Unseasoned, excluding four former Choice hotels (15 hotels)			
Occupancy	68.0%	61.7%	10.2%
ADR	$ 93.17	$ 90.13	3.4%
RevPAR	$ 63.39	$ 55.57	14.1%
Former Choice Hotels (11 hotels)			
Occupancy	53.9%	65.7%	(18.0)%
ADR	$ 77.88	$ 77.99	(0.1)%
RevPAR	$ 41.95	$ 51.24	(18.1)%

As shown in the table above, RevPAR for our seasoned hotels, excluding the seven former Choice hotels, increased by 1.9% for the year ended December 31, 2011, compared to the same period in 2010. RevPAR for our unseasoned hotels, excluding the four former Choice hotels, increased 14.1% for the year ended December 31, 2011, compared to the same period in 2010. RevPAR for the 65 hotels in our initial portfolio for the year ended December 31, 2011 was negatively affected by a substantial decrease in RevPAR for the former Choice hotels, driven primarily by substantial decreases in occupancy rates at these hotels. For the year ended December 31, 2011, RevPAR for the 11 former Choice hotels decreased 18.1% as compared to 2010. Decreases in RevPAR for the former Choice hotels primarily resulted from disruptions associated with termination of the franchises and loss of access to national reservations systems pending effectiveness of new franchises.

We believe our 15 unseasoned hotels, excluding the four former Choice hotels, have continued to stabilize since their construction or brand conversion during the dramatic economic slowdown beginning in 2008. Most of these hotels are newer, larger and are located in larger markets than those of our seasoned hotels and operate under premium franchise brands. As a result, we believe the 15 unseasoned hotels, excluding the four former Choice hotels, are particularly well-positioned to generate RevPAR growth for our portfolio as economic conditions improve. We recognized 14.1% growth in RevPAR for the 15 unseasoned hotels, excluding the four former Choice hotels, during the twelve months ended December 31, 2011 as compared to 2010.

Because we believe the seasoned/unseasoned designation for the 65 hotels in our initial portfolio is becoming less meaningful over time, the discussion that follows in "-Results of Operations" below is based on the operating results of our total portfolio (70 hotels as of December 31, 2011 and 65 hotels as of December 31, 2010) and our same-store portfolio, which consists of the 65 hotels in our initial portfolio for the periods ended December 31, 2011 and 2010. We anticipate that we will cease using these designations in future reports.

Revenues and Expenses

Our revenue is derived from hotel operations and consists of room revenue and other hotel operations revenue. As a result of our focus on select-service hotels in the upper midscale and upscale segments of the U.S. lodging industry, substantially all of our revenue is room revenue generated from sales of hotel rooms. We also generate, to a much lesser extent, other hotel operations revenue, which consists of ancillary revenue related to meeting rooms and other guest services provided at our hotels.

Our hotel operating expenses consist primarily of expenses incurred in the day-to-day operation of our hotels. Many of our expenses are fixed, such as essential hotel staff, real estate taxes, insurance, depreciation and certain types of franchise fees, and these expenses do not decrease even if the revenue at our hotels decreases. As reclassified, our hotel operating expenses consist of room expenses (wages, payroll taxes and benefits, linens, cleaning and guestroom supplies and complimentary breakfast), other direct expenses (office supplies, utilities, telephone, advertising and bad debts), other indirect expenses (real and personal property taxes, insurance, travel agent and credit card commissions, hotel management fees and franchise fees), and other expenses (ground rent and other items of miscellaneous expense).

Results of Operations of Summit Hotel Properties, Inc. and Summit Hotel OP, LP

Prior to February 14, 2011, the date we completed our IPO, concurrent private placement and formation transactions, neither Summit REIT nor Summit OP had any operations other than the issuance of 1,000 shares of common stock of Summit REIT to our Executive Chairman in connection with Summit REIT's formation and initial capitalization and activity in connection with the IPO and the formation transactions. We have therefore set forth a discussion comparing the combined operating results of our operations for the period from February 14, 2011 through December 31, 2011, and the historical results of operations for the period from January 1, 2011 through February 13, 2011 of our predecessor, to the historical results of our predecessor for the twelve months ended December 31, 2010. The historical results of operations presented below should be reviewed in conjunction with the notes to the condensed consolidated and combined financial statements included elsewhere in this report.

Comparison of the Year Ended December 31, 2011 to the Year Ended December 31, 2010

Income from Operations . Income from operations decreased by approximately $137,000 to approximately $5.5 million for the year ended December 31, 2011 from approximately $5.6 million for the year ended December 31, 2010.

The following tables sets forth key operating metrics for our total portfolio and our same-store portfolio for the year ended December 31, 2011 and the year ended December 31, 2010 (dollars in thousands, except ADR and RevPAR):

	Year Ended December 31, 2011				
	Total Revenue	Total Hotel Operating Expenses	Occupancy	ADR	RevPAR
Total Portfolio (70 hotels)	$ 148,882	$ 106,758	64.5%	$ 90.03	$ 58.02
Same Store Portfolio (65 hotels)	$ 138,948	$ 99,896	64.0%	$ 89.38	$ 57.23

	Year Ended December 31, 2010				
	Total Revenue	Total Hotel Operating Expenses	Occupancy	ADR	RevPAR
Total/Same Store Portfolio (65 hotels)	$ 135,635	$ 95,902	63.7%	$ 87.59	$ 55.80

	Percentage Change				
	Total Revenue	Total Hotel Operating Expenses	Occupancy	ADR	RevPAR
Total Portfolio (70 and 65 hotels)	9.8%	11.3%	1.5%	2.8%	4.0%
Same Store Portfolio (65 hotels)	2.4%	4.2%	0.5%	2.0%	2.6%

The information in the tables above for our total portfolio for the year ended December 31, 2011 includes revenues and expenses from the five hotels we acquired during the year from the date of acquisition of the hotel through December 31, 2011, and operating information (occupancy, ADR, and RevPAR) for the hotels for the period in which they were owned by us. Accordingly, the information does not reflect a full twelve months of operations for the hotels acquired in 2011.

Revenue . Total revenue increased by $13.2 million, or 9.8%, to $148.9 million for the year ended December 31, 2011 from $135.6 million for the year ended December 31, 2010. The increase was primarily due to improving economic conditions affecting our markets and leading to continued stabilization of revenue at our unseasoned hotels, and the acquisition of five hotels in the second and third quarters of 2011. The increase in revenues occurred despite the significant 18.1% decrease in RevPAR at our former Choice hotels during the same period as a result of continued disruptions at these hotels associated with termination of the franchises and the loss of access to national reservations systems pending effectiveness of new franchises. In addition, of the ten hotels operating under new franchise brands, six hotels (containing an aggregate of 441 guestrooms) are operating under lesser-known franchise brands, which provide lower levels of marketing support and guest loyalty programs that may not be as strong as those of the larger brands. As a result, occupancy, ADR, RevPAR and revenues for these hotels have been adversely affected. Our five hotels acquired during the second and third quarters of 2011 contributed $9.9 million to our revenues for the period each was owned by us during 2011, and generated occupancy of 72.0%, ADR of $100.55, and RevPAR of $72.43 during the year ended December 31, 2011 while under our ownership.

On a same-store basis, revenue increased by $3.3 million, or 2.4%, to $138.9 million for the year ended December 31, 2011 from $135.6 million for the year ended December 31, 2010. The increase in same-store revenue resulted from an increase in both occupancy and ADR, resulting in a 2.6% increase in same-store RevPAR. Same-store RevPAR increased to $57.23 for the year ended December 31, 2011 from $55.80 for the prior period as a result of improving economic conditions, which caused same-store occupancy to increase from 63.7% for the year ended December 31, 2010 to 64.0% for the year ended December 31, 2011. ADR for the same-store hotel portfolio increased from $55.80 for the year ended December 31, 2010 to $57.23 for the year ended December 31, 2011. The increases in same-store RevPAR, occupancy and ADR occurred despite decreases in these operating metrics as a result of disruptions associated with termination of the franchise licenses of the former Choice hotels. For the 11 former Choice hotels, for the twelve months ended December 31, 2011, occupancy declined to 53.9% from 65.7% for the twelve months ended December 31, 2010. For the twelve months ended December 31, 2011, ADR decreased to $77.88 from $77.99 for the twelve months ended December 31, 2010. As a result, RevPAR for the 11 former Choice hotels declined from $51.24 for the twelve months ended December 31, 2010 to $41.95 for the twelve months ended December 31, 2011.

Operating Expenses . The 11.3% increase in total hotel operating expenses for the twelve months ended December 31, 2011 over the twelve months ended December 31, 2010 was largely related to the increase in revenue and the acquisition of five hotels during the second and third quarters of 2011. In addition, the transition of management of our 65 initial hotels to Interstate resulted in an increase in expenses as a percentage of revenue in our hotels. We amended our management agreement with Interstate to address the operational challenges experienced at the hotels during the second quarter 2011, which resulted in a one-time $565,000 reduction in other indirect hotel operating expenses that would have otherwise been incurred under the management agreement during the period. The amendment to the hotel management agreement provided Interstate the opportunity to earn the $565,000 as an additional incentive fee in future periods, which they earned in full during the fourth quarter of 2011. The transition in hotel management resulted in approximately $1.9 million, or a 58% increase, in additional expenses incurred in the twelve months ended December 31, 2011 that were not incurred in the twelve months ended December 31, 2010.

We have also incurred expenses related to the franchise conversions of the former Choice hotels and renovation expenses related to refranchising such hotels of approximately $327,000 during the twelve months ended December 31, 2011. Furthermore, we incurred additional royalty fees as a result of franchisor negotiations related to the IPO of approximately $265,000 during the twelve months ended December 31, 2011. These two costs equate to an additional 0.4% increase in hotel operating expenses during the twelve months ended December 31, 2011 compared to the same period in 2010.

The following table details our hotel operating expenses for our same-store portfolio for the years ended December 31, 2011 and December 31, 2010 (dollars in thousands):

	Year Ended December 31, 2011	Year Ended December 31, 2010
Same-Store Portfolio Expenses (65 hotels):		
Rooms expense	$ 42,065	$ 41,129
Other direct expense	19,144	17,692
Other indirect expense	38,050	36,466
Other expense	637	615
Total Hotel Operating Expenses	**$ 99,896**	**$ 95,902**

Depreciation and Amortization . Depreciation and amortization expense increased by $2.6 million, or 9.4%, to $29.8 million for the twelve months ended December 31, 2011 compared to the twelve months ended December 31, 2010, primarily due to the write-off of unamortized capitalized costs related to re-franchising the former Choice hotels, refinancing of loans, renovations of existing hotels, and the additional depreciation associated with newly acquired hotels. The $29.8 million includes $26.7 million of fixed asset depreciation, $2.2 million of financing costs amortization, and $0.9 million of franchise fees amortization. The $27.3 million of depreciation and amortization expense for the twelve months ended December 31, 2010 includes $25.3 million of fixed asset depreciation, $1.8 million of financing costs amortization, and $0.2 million of franchise fees amortization.

Corporate General and Administrative . Corporate general and administrative expenses of approximately $6.6 million for the twelve months ended December 31, 2011 are substantially new expenses following the IPO, not previously incurred by our predecessor prior to the IPO. Included in this amount are approximately $1.0 million of legal expenses related to the Choice litigation.

Income Tax Benefit. The income tax benefit of $2.3 million was a result of our TRS ' s net operating loss of $5.5 million. The net operating loss was caused primarily by the disruption at 11 of our hotels due to franchise termination and renovations at our hotels.

Other Income/Expense. The $8.5 million decrease in interest expense was the result of repayment of $223.7 million of indebtedness with proceeds of the IPO and concurrent private placement.

Cash Flows. Net cash provided by operating activities increased approximately $13.7 million for the twelve months ended December 31, 2011 compared to the prior-year period largely due to a decline in prepaid expenses by our predecessor related to IPO expenses, increased expense accruals due to different payable timing practices of our predecessor and Interstate, release of restricted cash and a change in net income due to a decrease in interest expense of $8.5 million. The approximately $80.3 million increase in net cash used in investing activities for the twelve months ended December 31, 2011 compared to the prior-year period was the result of $50.0 million in land and hotel acquisitions in the year ended December 31, 2011, and $33.5 million of purchases of other property and equipment. The approximately $69.4 million increase in net cash provided by financing activities for the year ended December 31, 2011 compared to the prior-year period was primarily due to our receipt of the net proceeds from our IPO and concurrent private placement, partially offset by repayment of loan obligations and distributions paid by our predecessor to its members prior to our IPO, the receipt of net proceeds from our preferred stock offering, as well as the issuance of approximately $65.4 million of new debt related to the senior secured credit facility and the Goldman Sachs debt, both described under "-Outstanding Indebtedness" below. Immediately prior to completion of the formation transactions and in accordance with the terms of the merger agreement, during February 2011, our predecessor paid accrued and unpaid priority returns on its Class A and Class A-1 membership interests in the amount of approximately $8.3 million. Our predecessor paid approximately $535,000 of priority returns during the first quarter of 2010. Effective upon the closing of the Merger, no additional payments on priority returns to former members of our predecessor will be made.

Comparison of the Year Ended December 31, 2010 to the Year Ended December 31, 2009

Income from Operations. Income from operations increased by approximately $5.1 million to approximately $5.6 million for the year ended December 31, 2010 from approximately $500,000 for the year ended December 31, 2009. This increase was primarily the result of a $14.4 million increase in revenue for the year ended December 31, 2010.

The following tables sets forth key operating metrics for our total portfolio and our same-store portfolio for the year ended December 31, 2010 and the year ended December 31, 2009 (dollars in thousands, except ADR and RevPAR):

	Year Ended December 31, 2010				
	Total Revenue	Total Hotel Operating Expenses	Occupancy	ADR	RevPAR
Total Portfolio (65 hotels)	$ 135,635	$ 95,902	63.7%	$ 87.59	$ 55.80
Same Store Portfolio (60 hotels) [1]	$ 122,344	$ 86,088	64.1%	$ 88.25	$ 56.53

(1) Same Store Portfolio reflects the five new hotels opened by our predecessor during 2009.

	Year Ended December 31, 2009				
	Total Revenue	Total Hotel Operating Expenses	Occupancy	ADR	RevPAR
Total Portfolio (65 hotels)	$ 121,200	$ 87,838	61.9%	$ 87.40	$ 54.12
Same Store Portfolio (60 hotels) [1][2]	$ 118,791	$ 85,266	62.8%	$ 87.59	$ 54.97

(1) Same Store Portfolio reflects the five new hotels opened by our predecessor during 2009.

(2) Excludes hotels that were reclassified to discontinued operations during 2009.

	Percentage Change				
	Total Revenue	Total Hotel Operating Expenses	Occupancy	ADR	RevPAR
Total Portfolio (65 hotels)	11.9%	9.2%	2.9%	0.2%	3.1%
Same Store Portfolio (60 hotels)	3.0%	1.0%	2.1%	0.8%	2.8%

Revenue. Total revenue increased by $14.4 million, or 11.9%, to $135.6 million for the year ended December 31, 2010 from $121.2 million for the year ended December 31, 2009. The increase was primarily due to improving economic conditions affecting our markets and leading to continued stabilization of revenue at our unseasoned hotels plus the opening of five new hotels during 2009.

On a same-store basis, revenue increased by $3.5 million, or 3.0%, to $122.3 million for the year ended December 31, 2010 from $118.8 million for the year ended December 31, 2009. The increase in same-store revenue resulted from an increase in both occupancy and ADR, resulting in a 2.8% increase in same-store RevPAR. Same-store RevPAR increased to $56.53 for the year ended December 31, 2010 from $54.97 for the prior period as a result of improving economic conditions, which caused higher occupancy at our hotels and resulted in a 2.1% increase and a 0.8% increase in ADR for the same-store hotel portfolio.

Operating Expenses . Total hotel operating expenses increased $8.1 million, or 9.2%, to $95.9 million for the year ended December 31, 2010 from $87.8 million for the year ended December 31, 2009. This increase was directly related to the $14.4 million increase in sales revenue as expenses actually decreased as a percentage of revenue to only 70.7% of revenue for 2010 compared to 72.5% of revenue for 2009. Most of this decrease was related to repairs and maintenance expenses decreasing by $1.5 million, to $4.7 million for the year ended December 31, 2010 from $6.2 million for the year ended December 31, 2009. The decrease was primarily due to fewer renovations being performed during 2010 than in 2009 at our hotels.

The following table details our hotel operating expenses for our same-store portfolio for the years ended December 31, 2010 and December 31, 2009 (dollars in thousands):

	Year Ended December 31, 2010	Year Ended December 31, 2009
Same-Store Portfolio Expenses (60 hotels):		
Rooms expense	$ 36,706	$ 35,707
Other direct expense	15,923	17,492
Other indirect expense	33,099	31,821
Other expense	360	246
Total Hotel Operating Expenses	**$ 86,088**	**$ 85,266**

Depreciation and Amortization. On a total portfolio basis, depreciation and amortization expense from continuing operations increased by $3.3 million, or 13.7%, to $27.3 million for the year ended December 31, 2010 from $24.0 million for the year ended December 31, 2009. The increase was primarily due to the five hotels opened in 2009 and costs incurred related to the maturity date extension of our loan with Fortress Credit Corp. The $27.3 million of depreciation and amortization expense for the twelve months ended December 31, 2010 included $25.3 million of fixed asset depreciation, $1.8 million of financing costs amortization, and $0.2 million of franchise fees amortization. The $24.1 million of depreciation and amortization expenses for the twelve months ended December 31, 2009 included $21.9 million of fixed asset depreciation, $2.0 million of financing costs amortization, and $0.2 million of franchise fees amortization.

Impairment Losses. During the year ended December 31, 2010, our predecessor determined that four parcels of undeveloped land were impaired due to the termination of sales contracts for the sale of the land parcels and management's resulting determination that their carrying amounts were no longer realizable. As a result, our predecessor recorded a $6.5 million non-cash impairment charge in the fourth quarter of 2010. Our predecessor determined that the fair market value of these land parcels was $20.3 million as of December 31, 2010. During the year ended December 31, 2009, our predecessor determined that six parcels of undeveloped land were impaired due to the fact that their aggregate historical carrying value exceeded their aggregate fair value. This impairment was the result of our predecessor's decision to stop development projects and attempt to sell the land. As a result, our predecessor recorded a $6.3 million non-cash impairment charge in the fourth quarter of 2009. Also in 2009, our predecessor determined that the Courtyard by Marriott located in Memphis, Tennessee was impaired due to the fact that its historical carrying value was higher than the hotel's fair value. This determination was made based on economic distress on this particular hotel and market. Accordingly, our predecessor recorded a $1.2 million noncash impairment charge in 2009.

Cash Flows. Net cash provided by operating activities decreased approximately $1.3 million for the twelve months ended December 31, 2010 compared to the prior-year period largely due to an increase in prepaid expenses related to IPO expenses. The approximately $18.5 million decrease in net cash used in investing activities for the twelve months ended December 31, 2010 compared to the prior-year period was the result of no acquisitions of hotels in the twelve months ended December 31, 2010. The approximately $7.5 million increase in net cash used in financing activities for the twelve months ended December 31, 2010 compared to the prior-year period was primarily due to an increase in principal payments on debt and no offering proceeds received during 2010 compared to 2009, despite a reduction in distributions to members in 2010.

Liquidity and Capital Resources

Our short-term liquidity requirements consist primarily of operating expenses and other expenditures directly associated with our hotel properties, including recurring maintenance and capital expenditures necessary to maintain our hotel properties in accordance with brand standards, capital expenditures to improve our hotel properties, acquisitions, interest expense and scheduled principal payments on outstanding indebtedness and distributions to our stockholders.

Acquisitions

On January 12, 2012, we purchased the 150 unit Courtyard by Marriott hotel in Atlanta, Georgia for a purchase price of approximately $28.5 million, or approximately $190,000 per key. We expect to perform a minor renovation of approximately $230,000, for a combined purchase price and renovation cost of approximately $191,500 per key. We funded the purchase price of this acquisition through the assumption of a term loan with Empire Financial with a principal balance of $19.0 million, and funded the remainder of the purchase price with borrowings under our secured revolving credit facility. In connection with this acquisition, we have engaged Courtyard Management to manage the hotel pursuant to a hotel management agreement.

We anticipate that we will acquire two hotels located in Birmingham, Alabama, described below, during the first quarter in 2012.

We have entered into an agreement to purchase a 95-room Hilton Garden Inn hotel in Birmingham, Alabama. The purchase price is $8.625 million, and closing is expected to occur during the first quarter of 2012. We anticipate performing approximately $1 million of renovations to the hotel for a combined purchase and renovation cost of approximately $101,300 per key. We will fund the purchase price with a draw on our secured revolving credit facility. The hotel will be managed by HP Hotels.

We have entered into an agreement to purchase a 130-room Hilton Garden Inn hotel in Birmingham, Alabama. The purchase price is $11.5 million, and closing is expected to occur during the first quarter of 2012. We anticipate performing approximately $400,000 of renovations to the hotel for a combined purchase and renovation cost of approximately $92,000 per key. We will fund the purchase price with a draw on our secured revolving credit facility. The hotel will be managed by HP Hotels.

Acquisition of one or both of these hotels, or other hotels identified by us, may occur if all conditions to closing are satisfied, and if we have sufficient funds to complete such purchases, considering other short- and long-term liquidity requirements, including planned capital expenditures at our existing hotels. If one or more hotels is purchased, we expect to fund any purchases with working capital, funds available under the senior secured revolving credit facility, assumption of existing mortgage debt or additional mortgage loans. The conditions to closing may not be satisfied, and we may not have sufficient funds to make such purchases, and thus, we cannot assure you that we will acquire any properties.

Short-Term Liquidity Requirements

We expect to satisfy our short-term liquidity requirements, including capital expenditures, scheduled debt payments and funding the cash portion of the purchase price of hotel properties under contract, if acquired, with working capital, cash provided by operations, and short-term borrowings under our secured revolving credit facility. In addition, we may fund the purchase price of hotel acquisitions and cost of required capital improvements by assuming existing mortgage debt, issuing securities (including partnership units issued by Summit OP), or incurring other mortgage debt. Further, we may seek to raise capital through public or private offerings of our equity or debt securities. However, certain factors may have a material adverse effect on our ability to access these capital sources, including our degree of leverage, the value of our unencumbered hotel properties, borrowing restrictions imposed by lenders and market conditions. We will continue to analyze which source of capital is most advantageous to us at any particular point in time, but financing may not be consistently available to us on terms that are attractive, or at all. We believe that our working capital, cash provided by operations, borrowings under our secured revolving credit facility, and other sources of funds available to us will be sufficient to meet our ongoing short-term liquidity requirements for at least the next 12 months.

Since December 31, 2011, we have refinanced $76.6 million of our existing debt that would otherwise have matured or been callable during 2012, leaving approximately $28.5 million of debt (approximately 17.1% of our total debt outstanding on December 31, 2011) that matures prior to December 31, 2013. It may be difficult to refinance such loans on terms acceptable to us, or at all, and we may not have sufficient borrowing capacity on our revolving credit facility to repay the maturing debt using draws on that facility for amounts that we are unable to refinance. Although we believe that we will be able to refinance these loans or will have the capacity to repay them, if necessary, using draws under our revolving credit facility, there can be no assurance that our revolving credit facility will be available to repay such maturing debt, as draws under our credit facility are subject to certain financial covenants.

We anticipate making renovations and other non-recurring capital expenditures with respect to our hotel properties, including approximately $20.7 million in capital expenditures we have budgeted to be spent during 2012, pursuant to property improvement plans required by our franchisors.

Long-Term Liquidity Requirements

Our long-term liquidity requirements consist primarily of the costs of acquiring additional hotel properties, renovations and other non-recurring capital expenditures that need to be made periodically with respect to our hotel properties, and scheduled debt payments, including maturing loans. We will seek to satisfy these long-term liquidity requirements through various sources of capital, including working capital, cash provided by operations, long-term hotel mortgage indebtedness and other borrowings, including borrowings under our secured credit facility. In addition, we may seek to raise capital through public or private offerings of our equity or debt securities. However, certain factors may have a material adverse effect on our ability to access these capital sources, including our degree of leverage, the value of our unencumbered hotel properties, borrowing restrictions imposed by lenders and market conditions. We will continue to analyze which source of capital is most advantageous to us at any particular point in time, but financing may not be consistently available to us on terms that are attractive, or at all.

To satisfy the requirements for qualification as a REIT, we must meet a number of organizational and operational requirements, including a requirement that we distribute annually at least 90% of our REIT taxable income to our stockholders, determined without regard to the deduction for dividends paid and excluding any net capital gain. Therefore, we will need to raise additional capital in order to grow our business and invest in additional hotel properties. However, there is no assurance that we will be able to borrow funds or raise additional capital on terms acceptable to us, if at all. We anticipate that debt we incur in the future may include, as does our current debt, restrictions (including lockbox and cash management provisions) that under certain circumstances may limit or prohibit Summit OP and its subsidiaries from making distributions or paying dividends, repaying loans or transferring assets.

Outstanding Indebtedness

As of December 31, 2011, we had approximately $217.1 million in outstanding indebtedness secured by mortgages on 62 hotels and eight hotels unencumbered by mortgage debt, including four hotels (containing 432 guestrooms) operating under brands owned by Marriott, Hilton, IHG and Hyatt that are available to be used as collateral for potential future loans. Our revolving credit facility is available to fund future acquisitions, property redevelopments and working capital requirements (including the repayment of debt). As of December 31, 2011, the maximum amount of borrowing permitted by the terms of our revolving credit facility is approximately $92.3 million. Of this maximum amount, approximately $62.9 million is available for us to borrow as of February 27, 2012.

We maintain a prudent capital structure and, while the ratio will vary from time to time, we generally intend to limit our ratio of indebtedness to earnings before interest, taxes, depreciation and amortization ("EBITDA") to no more than six to one. For purposes of calculating this ratio we exclude preferred stock from indebtedness. During 2011 we financed our long-term growth with common and preferred equity issuances and debt financing having staggered maturities, and intend to continue to do so in the future. Our debt includes, and may include in the future, mortgage debt secured by hotels and unsecured debt.

$125 Million Senior Secured Revolving Credit Facility

On April 29, 2011, Summit OP, as borrower, and Summit REIT, as guarantor, entered into a $100.0 million, three-year (with an option to extend for one additional year if we meet certain requirements) senior secured revolving credit facility with Deutsche Bank AG New York Branch, as administrative agent, Deutsche Bank Securities Inc., as lead arranger, and a syndicate of lenders including Deutsche Bank AG New York Branch, Royal Bank of Canada, KeyBank National Association and Regions Bank. On May 13, 2011, Summit OP entered into an agreement with Deutsche Bank and U.S. Bank National Association that increased the maximum aggregate amount of the credit facility from $100.0 million to $125.0 million. On August 15, 2011, we entered into a First Letter Amendment to the credit facility. On October 21, 2011, we entered into a Second Letter Amendment and Limited Waiver to the credit facility. The terms of the credit facility, as amended, are described in the summary below.

Outstanding borrowings on the revolving credit facility are limited to the least of (1) $125.0 million, (2) 55% of the aggregate appraised value of the borrowing base assets and (3) the aggregate adjusted net operating income of the borrowing base assets securing the facility divided by 150% of the monthly factor shown on a standard level constant payment table for a fully amortizing 25-year loan based on an assumed interest rate equal to the greatest of (x) the ten-year U.S. Treasury rate plus 3.5%, (y) 7.00% and (z) the weighted-average interest rate then applicable to advances outstanding under the revolving credit facility. The availability of the credit facility is also subject to a borrowing base having no fewer than 15 properties. As of February 27, 2012, 25 hotel properties are included in the borrowing base and the maximum amount of borrowing permitted by the terms of the credit facility is approximately $92.3 million. Of this maximum amount, approximately $62.9 million is available for us to borrow as of February 27, 2012.

We will pay interest on the periodic advances under the $125.0 million revolving credit facility at varying rates, based upon, at our option, either (i) 1-, 2-, 3- or 6-month LIBOR, subject to a floor of 0.50%, plus the applicable LIBOR margin or (ii) the applicable base rate, which is the greatest of the administrative agent's prime rate, 0.50% plus the federal funds effective rate, and 1-month LIBOR (incorporating the floor of 0.50%) plus 1.00%, plus the applicable margin for base rate loans. The applicable LIBOR and base rate margin depends upon the ratio of our outstanding consolidated total indebtedness to EBITDA. The LIBOR margin ranges from 2.50% to 3.50%, and the base rate margin ranges from 1.50% to 2.50%.

The credit facility is secured primarily by a first priority mortgage lien on each borrowing base asset and a first priority pledge of our equity interests in the subsidiaries that hold the borrowing base assets, and Summit Hotel TRS II, LLC, which we formed in connection with the credit facility to wholly own the TRS lessees that lease each of the borrowing base assets. The borrowing base assets are as follows:

- SpringHill Suites, Little Rock, AR
- Fairfield Inn, Denver, CO
- Hampton Inn, Fort Collins, CO
- Staybridge Suites, Glendale, CO
- AmericInn, Golden, CO
- Fairfield Inn, Golden, CO
- Hampton Inn, Boise, ID
- AmericInn, Twin Falls, ID
- Hampton Inn, Twin Falls, ID
- Residence Inn, Fort Wayne, IN
- Hilton Garden Inn, Duluth, GA
- Holiday Inn, Duluth, GA
- Fairfield Inn, Emporia, KS
- Holiday Inn Express, Emporia, KS
- AmericInn, Salina, KS
- Fairfield Inn, Salina, KS
- Fairfield Inn, Baton Rouge, LA
- SpringHill Suites, Baton Rouge, LA
- TownePlace Suites, Baton Rouge, LA
- Homewood Suites, Ridgeland, MS
- Hampton Inn, Medford, OR
- SpringHill Suites, Nashville, TN
- Hampton Inn, Provo, UT
- Fairfield Inn, Bellevue, WA
- Fairfield Inn, Spokane, WA

Prior to April 29, 2013, we may elect to increase the amount of the credit facility by up to an additional $75.0 million, increasing the maximum aggregate amount of the credit facility to $200.0 million, subject to the identification of a lender or lenders willing to make available the additional amounts, including new lenders acceptable to us and the administrative agent, and subject to adding additional properties to the borrowing base.

Financial and Other Covenants. We are required to comply with a series of financial and other covenants in order to borrow under the senior secured revolving credit facility. The material financial covenants, tested quarterly, include the following:

- a maximum ratio of consolidated indebtedness (as defined in the loan documentation) to consolidated EBITDA (as defined in the loan documentation) ranging from 6.75:1.00 to 5.75:1.00;

- a minimum ratio of adjusted consolidated EBITDA (as defined in the loan documentation) to consolidated fixed charges (as defined in the loan documentation) ranging from 1.40:1.00 to 1.50:1.00;

- a minimum consolidated tangible net worth (as defined in the loan documentation) of not less than $228,728,000 plus 80% of the net proceeds of subsequent common equity issuances; and

- a maximum dividend payout ratio of 95% of FFO (as defined in the loan documentation) or an amount necessary to maintain REIT tax status and avoid corporate income and excise taxes.

As of February 27, 2012, we have $29.4 million outstanding under the credit facility, and a total remaining availability of $62.9 million.

Other Outstanding Indebtedness

As of December 31, 2011, we had approximately $217.1 million in outstanding indebtedness, including approximately $11.4 million outstanding under our revolving credit facility, and eight hotels unencumbered by mortgage debt. As of February 27, 2012, we have approximately $252.9 million in outstanding indebtedness, including approximately $29.4 million outstanding under our revolving credit facility, and eight hotels unencumbered by mortgage debt, including four hotels with 432 rooms operating under brands owned by Marriott, Hilton, IHG or Hyatt, available as collateral for potential future loans. We intend to secure or assume term loan financing or use the secured credit facility, together with other sources of financing, to fund future acquisitions. We may not succeed in obtaining new financing on favorable terms or at all and we cannot predict the size or terms of the financing if we are able to obtain it. Our failure to obtain new financing could adversely affect our ability to grow our business.

The following table sets forth our mortgage debt obligations that were outstanding as of December 31, 2011:

Lender	Collateral	Outstanding Principal Balance as of December 31, 2011	Interest Rate as of December 31, 2011 [1]	Amortization (years)	Maturity Date
MetaBank	Holiday Inn, Boise, ID SpringHill Suites by Marriott, Lithia Springs, GA	$ 7,058	Prime rate, subject to a floor of 5.00%	20	03/01/12 [2]
ING Investment Management [3]	Fairfield Inn & Suites by Marriott, Germantown, TN Residence Inn by Marriott, Germantown, TN Holiday Inn Express, Boise, ID Courtyard by Marriott, Memphis, TN [3] Hampton Inn & Suites, El Paso, TX Hampton Inn, Fort Smith, AR	$ 27,646	5.60 % [3]	20	04/01/12 [3]
Chambers Bank	Aspen Hotel & Suites, Fort Smith, AR	$ 1,507	6.50 %	20	06/24/12
Bank of the Ozarks [4]	Hyatt Place, Portland, OR	$ 6,334	90-day LIBOR + 4.00%, subject to a floor of 6.75%	25	06/29/12 [4]
ING Investment Management [3]	Hilton Garden Inn, Ft. Collins, CO	$ 7,655	6.34 % [3]	20	07/01/12 [3]
ING Investment Management [3]	Springhill Suites, Flagstaff, AZ Holiday Inn Express, Sandy, UT Fairfield Inn by Marriott, Lewisville, TX Hampton Inn, Denver, CO Holiday Inn Express, Vernon Hills, IL Hampton Inn, Fort Wayne, IN Courtyard by Marriott, Missoula, MT [3] Staybridge Suites, Ridgeland, MS	$ 28,158	6.10 % [3]	20	07/01/12 [3]
BNC National Bank [7]	Hampton Inn & Suites, Fort Worth, TX	$ 5,519	5.01 %	20	11/01/13
First National Bank of Omaha [5]	Courtyard by Marriott, Germantown, TN Courtyard by Marriott, Jackson, MS Hyatt Place, Atlanta, GA	$ 23,688	90-day LIBOR + 4.00%, subject to a floor of 5.25%	20	07/01/13
ING Investment Management [3]	Residence Inn by Marriott, Ridgeland, MS	$ 6,047	6.61 % [3]	20	11/01/28 [3]
General Electric Capital Corp. [8]	Country Inn & Suites, San Antonio, TX	$ 10,860	90-day LIBOR +3.50%	25	04/01/14
National Western Life Insurance [6]	Courtyard by Marriott, Scottsdale, AZ SpringHill Suites by Marriott, Scottsdale, AZ	$ 13,197	8.00 %	17	01/01/15
BNC National Bank [7]	Holiday Inn Express & Suites, Twin Falls, ID	$ 5,700	4.81 %	20	04/01/16
Goldman Sachs	SpringHill Suites, Bloomington, MN, Hampton Inn & Suites, Bloomington, MN	$ 14,644	5.67 %	25	07/06/16
Compass Bank	Courtyard by Marriott, Flagstaff, AZ	$ 16,083	Prime rate - 0.25%, subject to a floor of 4.50%	20	05/17/18
General Electric Capital Corp. [8]	SpringHill Suites by Marriott, Denver, CO	$ 8,315	90-day LIBOR + 3.50%	20	04/01/18
	Aspen Suites, Baton Rouge, LA		90-day LIBOR +		

General Electric Capital Corp. [8]		$	10,709	3.50%	25	03/01/19
Bank of the Cascades	Residence Inn by Marriott, Portland, OR	$	12,557	4.66 % [9]	25	09/30/21
Secured Revolving Credit Facility	See "--$125 Million Senior Secured Revolving Credit Facility" above	$	11,426	See "--$125 Million Senior Secured Revolving Credit Facility" above	N/A	04/29/14
Total		**$**	**217,104**			

(1) As of December 31, 2011, the Prime rate was 3.25% and 90-day LIBOR was 0.581%.

(2) On February 14, 2012, we refinanced this loan. It now matures February 1, 2017, is amortized over approximately 17 years and bears an annual interest rate of 4.95%. There is a prepayment penalty of 3% if the loan is paid off in the first two years, 2% in year 3 and 1% in years 4 and 5. The loan is collateralized by a first mortgage lien on two hotels containing 197 rooms.

(3) On February 13, 2012, we closed on the consolidation and refinance of our four loans with ING Life Insurance and Annuity, which four loans collectively had an aggregate outstanding balance of approximately $69.5 million as of December 31, 2011. The loans were consolidated into a single 7-year term loan with a principal balance of $67.5 million, maturity date of March 1, 2032, amortized over 20 years and bearing an annual interest rate of 6.10%, collateralized by first mortgage liens on 16 properties containing 1,639 guestrooms. The lender has the right to call the loan so as to be payable in full at March 1, 2019, March 1, 2024 or March 1, 2029. If the loan is repaid prior to maturity, other than if called by the lender, there is a prepayment penalty equal to the greater of (i) 1% of the principal being repaid and (ii) the yield maintenance premium. Pursuant to the consolidation, the mortgages on the Courtyard by Marriott, Missoula, MT and the Courtyard by Marriott, Memphis, TN were released and new mortgages were taken on the Country Inn & Suites and the Holiday Inn Express in Charleston, West Virginia. The yield maintenance premium under the new ING loan is calculated as follows: (A) if the entire amount of the loan is being prepaid, the yield maintenance premium is equal to the sum of (i) the present value of the scheduled monthly installments from the date of prepayment to the maturity date, and (ii) the present value of the amount of principal and interest due on the maturity date (assuming all scheduled monthly installments due prior to the maturity date were made when due), less (iii) the outstanding principal balance as of the date of prepayment; and (B) if only a portion of the loan is being prepaid, the yield maintenance premium is equal to the sum of (i) the present value of the scheduled monthly installments on the pro rata portion of the loan being prepaid, or the release price, from the date of prepayment to the maturity date, and (ii) the present value of the pro rata amount of principal and interest due on the release price due on the maturity date (assuming all scheduled monthly installments due prior to the maturity date were made when due), less (iii) the outstanding amortized principal allocation, as defined in the loan agreement, as of the date of prepayment.

(4) The maturity date may be extended to June 20, 2014 based on the exercise of two, one-year extension options, subject to the satisfaction of certain conditions.

(5) Evidenced by three promissory notes, the loan secured by the Hyatt Place located in Atlanta, Georgia has a maturity date of February 1, 2014. The three promissory notes are cross-defaulted and cross-collateralized.

(6) On December 8, 2009, we entered into two cross-collateralized and cross-defaulted mortgage loans with National Western Life Insurance in the amounts of $8,650,000 and $5,350,000. If these loans are prepaid, there is a prepayment penalty ranging from 1% to 5% of the principal being prepaid. A one-time, ten-year extension of the maturity date is permitted, subject to the satisfaction of certain conditions.

(7) The two BNC loans are cross-defaulted.

(8) The three GECC loans are cross-defaulted. All three loans became subject to a prepayment penalty equal to 2% of the principal repaid prior to August 1, 2012, 1% of the principal repaid prior to August 1, 2013, and 0% of the principal repaid thereafter. In addition to the mortgages securing each of the loans, GECC has additional mortgages on the Jacksonville, FL Aloft, Las Colinas, TX Hyatt Place and Boise, ID Fairfield Inn, each of which may be released upon realization of certain financial covenants.

(9) The loan carries a fixed interest rate of 4.66% until September 30, 2016 and a fixed interest rate thereafter of the then-current Federal Home Loan Bank of Seattle Intermediate/Long-Term, Advances Five-year Fixed Rate plus 3.00%.

We believe that we will have adequate liquidity to meet requirements for scheduled maturities. However, we can provide no assurances that we will be able to refinance our indebtedness as it becomes due and, if refinanced, whether such refinancing will be available on favorable terms.

Capital Expenditures

We have budgeted to spend approximately $20.7 million during 2012 for capital improvements to be made to the hotels in our portfolio, including capital improvements that we may be required to make pursuant to property improvement plans with respect to certain hotels in our portfolio, including our recent acquisitions and in connection with the entry into new franchise agreements for the former Choice hotels. In addition, we may make additional capital improvements at hotels we acquire in the future. Since the completion of our IPO on February 14, 2011 through December 31, 2011, we funded approximately $28.9 million of capital improvements at our hotels. During 2011, we have completed renovations at seven of our hotels (not including renovations due to franchise conversions) and currently have renovations underway at five of our hotels. We expect to fund the future capital improvements with working capital, borrowings and other potential sources of capital to the extent available to us.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenue or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Contractual Obligations

The following table outlines the timing of payment requirements related to our long-term debt obligations and other contractual obligations as of December 31, 2011 (dollars in millions):

	Payments Due By Period				
	Total	**Less than One Year**	**One to Three Years**	**Four to Five Years**	**More than Five Years**
Long-term debt obligations [(1)]	$ 234.4	$ 89.6	$ 61.6	$ 36.2	$ 47.0
Operating Lease obligations	37.4	0.4	0.9	0.9	35.2
Total	**$ 271.8**	**$ 90.0**	**$ 62.5**	**$ 37.1**	**$ 82.2**

(1) The amounts shown include amortization of principal on our fixed-rate and variable-rate obligations, debt maturities on our fixed-rate and variable-rate obligations and estimated interest payments of our fixed-rate obligations. Interest payments have been included based on the weighted-average interest rate.

Inflation

Operators of hotels, in general, possess the ability to adjust room rates daily to reflect the effects of inflation. However, competitive pressures may limit the ability of our management companies to raise room rates.

Critical Accounting Policies

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of our financial statements and the reported amounts of revenue and expenses during the reporting period. While we do not believe the reported amounts would be materially different, application of these policies involves the exercise of judgment and the use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates. We evaluate our estimates and judgments, including those related to the impairment of long-lived assets, on an ongoing basis. We base our estimates on experience and on various other assumptions that are believed to be reasonable under the circumstances. All of our predecessor's significant accounting policies are disclosed in the notes to its consolidated financial statements. The following represent certain critical accounting policies that will require our management to exercise their business judgment or make significant estimates:

Principles of Consolidation and Basis of Presentation. Our consolidated financial statements include our accounts, the accounts of our wholly owned subsidiaries or subsidiaries for which we have a controlling interest, the accounts of variable interest entities in which we are the primary beneficiary, and the accounts of other subsidiaries over which we have a controlling interest. All material inter-company transactions, balances and profits will be eliminated in consolidation. The determination of whether we are the primary beneficiary is based on a combination of qualitative and quantitative factors which require management in some cases to estimate future cash flows or likely courses of action.

Hotels—Acquisitions. We allocate the purchase price based on the fair value of the acquired assets and assumed liabilities. We determine the acquisition-date fair values of all assets and assumed liabilities using methods similar to those used by independent appraisers, for example, using a discounted cash flow analysis that utilizes appropriate discount and/or capitalization rates and available market information. Estimates of future cash flows are based on a number of factors including historical operating results, known and anticipated trends, and market and economic conditions. Acquisition costs are expensed as incurred. Changes in estimates and judgments related to the allocation of the purchase price could result in adjustments to real estate or intangible assets, which can affect depreciation and/or amortization expense and our results of operations.

Depreciation and Amortization of Hotels. Hotels are recorded at cost and depreciated using the straight-line method over an estimated useful life of 27 to 40 years for buildings and two to 15 years for furniture, fixtures and equipment. We are required to make subjective assessments as to the useful lives and classification of our properties for purposes of determining the amount of depreciation expense to reflect each year with respect to the assets. While management believes its estimates are reasonable, a change in the estimated useful lives could affect the results of operations.

Impairment of Hotels. We monitor events and changes in circumstances for indicators that the carrying value of a hotel and related assets may be impaired. Factors that could trigger an impairment analysis include, among others: (1) significant underperformance relative to historical or projected operating results, (2) significant changes in the manner of use of a hotel or the strategy of our overall business, (3) a significant increase in competition, (4) a significant adverse change in legal factors or regulations or (5) significant negative industry or economic trends. When such factors are identified, we prepare an estimate of the undiscounted future cash flows, without interest charges, of the specific hotel and determine if the investment in such hotel is recoverable based on the undiscounted future cash flows. If impairment is indicated, an adjustment is made to the carrying value of the hotel to reflect the hotel at fair value. These assessments may affect the results of our operations.

Stock-Based Compensation. We have adopted the 2011 Equity Incentive Plan, which provides for the grants of stock options, stock appreciation rights, restricted stock, restricted stock units, dividend equivalent rights and other stock-based awards, or any combination of the foregoing. Equity-based compensation will be recognized as an expense in the financial statements over the vesting period and measured at the fair value of the award on the date of grant. The amount of the expense may be subject to adjustment in future periods depending on the specific characteristics of the equity-based award and the application of accounting guidance.

Income Taxes. We intend to elect to be taxed as a REIT for federal income tax purposes commencing with our short taxable year ended December 31, 2011 upon filing our federal income tax return for that year. We have operated so as to qualify as a REIT since our IPO. To qualify as a REIT, we must meet certain organizational and operational requirements, including a requirement to distribute annually to our stockholders at least 90% of our REIT taxable income, determined without regard to the deduction for dividends paid and excluding net capital gains, which does not necessarily equal net income as calculated in accordance with GAAP. As a REIT, we generally will not be subject to federal income tax (other than taxes paid by our TRSs) to the extent we currently distribute 100% of our REIT taxable income to our stockholders. If we fail to qualify as a REIT in any taxable year, we will be subject to federal income tax on our taxable income at regular corporate income tax rates and generally will not be permitted to qualify for treatment as a REIT for the four taxable years following the year during which qualification is lost unless we satisfy certain relief provisions. Such an event could materially adversely affect our net income and net cash available for distribution to stockholders. However, we intend to be organized and operate in such a manner as to qualify for treatment as a REIT.

Deferred Tax Assets and Liabilities. We will account for federal and state income taxes with respect to our TRSs using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statements' carrying amounts of existing assets and liabilities and respective tax bases and operating losses and tax-credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. In the event that these assumptions change, the deferred taxes may change.

New Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board (FASB) issued an update (ASU No. 2010-06) to Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures* , to improve disclosure requirements regarding transfers, classes of assets and liabilities, and inputs and valuation techniques. Certain provisions of ASU No. 2010-06 to ASC 820 related to separate line items for all purchases, sales, issuances, and settlements of financial instruments valued using Level 3 are effective for fiscal years beginning after December 15, 2010. The adoption of this ASC update on January 1, 2011 had no material effect on the consolidated financial statements or disclosures of the Company, the Operating Partnership or the Predecessor.

In May 2011, FASB issued an update (ASU No. 2011-04) to ASC 820, *Fair Value Measurements and Disclosures* , to develop common requirements for measuring fair value and for disclosing information about fair value measurements in accordance with GAAP and IFRS. This update is effective for interim and fiscal years beginning after December 15, 2011. The Company believes that this will not have a material effect on the consolidated financial statements.

In June 2011, FASB issued ASU 2011-05, Presentation of Comprehensive Income. ASU 2011-05 requires an entity to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. ASU 2011-05 eliminates the option to present the components of other comprehensive income as part of the statement of changes in equity. ASU 2011-05 is effective for interim and fiscal years beginning after December 15, 2011. In December 2011, the FASB decided to defer the effective date of those changes in ASU 2011-05 that relate only to the presentation of reclassification adjustments in the statement of income by issuing ASU 2011-12, *Comprehensive Income (Topic 220): Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update 2011-05* . The Company believes that this will not have a material effect on the consolidated financial statements.

Reclassification of Certain Prior Period Financial Information

Certain reclassifications have been made to the prior-year financial information of the Predecessor to conform to our current-year presentation as follows for the years ended December 31, 2010 and 2009:

- to reclassify (a) $41.1 million and $37.0 million of direct hotel operations expense (wages, payroll taxes and benefits, linens, cleaning and guestroom supplies and complimentary breakfast) as rooms expense for the years ended December 31, 2010 and 2009, respectively; and (b) $6.1 million and $5.4 million of direct hotel operations expense (franchise royalties) as other indirect expense for the years ended December 31, 2010 and 2009, respectively;
- to reclassify (a) $8.5 million and $7.7 million of other hotel operating expense (utilities and telephone) as other direct expense for the years ended December 31, 2010 and 2009, respectively; and (b) $10.5 million and $9.4 million of other hotel operating expense (property taxes, insurance and cable) as other indirect expense for the years ended December 31, 2010 and 2009;
- to reclassify (a) $4.5 million and $4.3 million of general, selling and administrative expense (office supplies, advertising, miscellaneous operating expenses and bad debt expense) as other direct expenses for the years ended December 31, 2010 and 2009; (b) $20.3 million and $19.3 million of general, selling and administrative expense (credit card/travel agent commissions, management company expense, management company legal and accounting fees and franchise fees) as other indirect expenses for the years ended December 31, 2010 and 2009, respectively; and (c) $615,000 and $681,000 of general, selling and administrative expense (ground rent and other expense) as other expense for the years ended December 31, 2010 and 2009;
- to reclassify $4.7 million and $6.2 million of repairs and maintenance expense as other direct expenses for the years ended December 31, 2010 and 2009, respectively; and
- to reclassify $367,000 and $1.4 million of other indirect expense (hotel startup costs) as hotel property acquisition costs for the years ended December 31, 2010 and 2009, respectively.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

Market Risk

Market risk includes risks that arise from changes in interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that affect market-sensitive instruments. In pursuing our business strategies, the primary market risk to which we are currently exposed, and to which we expect to be exposed in the future, is interest rate risk. Our primary interest rate exposures are to the 30-day LIBOR rate, the 90-day LIBOR rate and the Prime rate. We primarily use fixed interest rate financing to manage our exposure to fluctuations in interest rates. We do not use any hedge or other instruments to manage interest rate risk.

As of December 31, 2011, approximately 56.5%, or approximately $122.6 million, of our debt bore fixed interest rates and approximately 43.5%, or approximately $94.5 million, bore variable interest rates. Assuming no increase in the amount of our variable rate debt, if the interest rates on our variable rate pro forma debt were to increase by 1.0%, our cash flow would decrease by approximately $413,000 per year.

As our debts mature, the financing arrangements that carry fixed interest rates will become subject to interest rate risk. In addition, as variable rate loans mature, lenders may impose floor interest rates because of the low interest rates experienced during the past few years. As of December 31, 2011, approximately $82.4 million of our long-term debt will mature during 2012, which amount includes amortizing principal paid in regular monthly payments, of which approximately $63.6 million bears fixed interest rates and $18.8 million bears variable interest rates. As of February 27, 2012, approximately $11.8 million of our long-term debt will mature during 2012, which amount includes amortizing principal paid in regular monthly payments, of which approximately $3.1 million bears fixed interest rates and $8.7 million bears variable interest rates.

Item 8. Financial Statements and Supplementary Data.

See Index to the Financial Statements on page F-1.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Controls and Procedures—Summit REIT

Disclosure Controls and Procedures

Under the supervision and with the participation of Summit REIT's management, including its Chief Executive Officer and Chief Financial Officer, Summit REIT has evaluated the effectiveness of the design and operation of its disclosure controls and procedures pursuant to Rule 13a-15(b) under the Exchange Act as of the end of the period covered by this report. Based on that evaluation, Summit REIT's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report, these disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to Summit REIT's management to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control Over Financial Reporting

Summit REIT's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Under the supervision and with the participation of Summit REIT's management, including Summit REIT's principal executive officer, we conducted an evaluation of the effectiveness of Summit REIT's internal control over financial reporting based on the framework in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on Summit REIT's evaluation under the framework in Internal Control—Integrated Framework, our management concluded that Summit REIT's internal control over financial reporting was effective as of December 31, 2011.

We acquired the Homewood Suites hotel in Ridgeland, Mississippi on April 15, 2011, the Holiday Inn hotel in Duluth, Georgia and the Staybridge Suites in Glendale, Colorado on April 27, 2011, the Hilton Garden Inn hotel in Duluth, Georgia on May 25, 2011, and the Courtyard by Marriott hotel in El Paso, Texas on July 28, 2011, respectively, and have excluded from Summit REIT's assessment of effectiveness of internal control over financial reporting as of December 31, 2011 the internal controls over financial reporting of these hotels, which had an aggregate of $51.9 million in total assets and $9.9 million in total revenues as of and for the year ended December 31, 2011.

Changes in Internal Control Over Financial Reporting

There have been no changes in Summit REIT's internal control over financial reporting that occurred during the last fiscal quarter of 2011 that have materially affected, or are reasonably likely to materially affect, Summit REIT's internal control over financial reporting.

Controls and Procedures—Summit OP

Disclosure Controls and Procedures

Under the supervision and with the participation of Summit OP's management, including the Chief Executive Officer and Chief Financial Officer of the sole member of Summit OP's general partner, Summit OP has evaluated the effectiveness of the design and operation of its disclosure controls and procedures pursuant to Rule 13a-15(b) under the Exchange Act as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer of the sole member of its general partner have concluded that, as of the end of the period covered by this report, these disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to Summit OP's management, including the Chief Executive Officer and Chief Financial Officer of the sole member of Summit OP's general partner, to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control Over Financial Reporting

Summit OP's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Under the supervision and with the participation of Summit OP's management, including Summit OP's principal executive officer, we conducted an evaluation of the effectiveness of Summit OP's internal control over financial reporting based on the framework in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on Summit OP's evaluation under the framework in Internal Control—Integrated Framework, our management concluded that Summit OP's internal control over financial reporting was effective as of December 31, 2011.

We acquired the Homewood Suites hotel in Ridgeland, Mississippi on April 15, 2011, the Holiday Inn hotel in Duluth, Georgia and the Staybridge Suites in Glendale, Colorado on April 27, 2011, the Hilton Garden Inn hotel in Duluth, Georgia on May 25, 2011, and the Courtyard by Marriott hotel in El Paso, Texas on July 28, 2011, respectively, and have excluded from Summit OP's assessment of effectiveness of internal control over financial reporting as of December 31, 2011 the internal controls over financial reporting of these hotels, which had an aggregate of $51.9 million in total assets and $9.9 million in total revenues as of and for the year ended December 31, 2011.

Changes in Internal Control Over Financial Reporting

There have been no changes in Summit OP's internal control over financial reporting that occurred during the last fiscal quarter of 2011 that have materially affected, or are reasonably likely to materially affect, Summit OP's internal control over financial reporting.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by this item is incorporated by reference to Summit REIT's Proxy Statement for the 2012 Annual Meeting of Stockholders.

Item 11. Executive Compensation.

The information required by this item is incorporated by reference to Summit REIT's Proxy Statement for the 2012 Annual Meeting of Stockholders.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by this item is incorporated by reference to Summit REIT's Proxy Statement for the 2012 Annual Meeting of Stockholders.

Item 13. Certain Relationships and Related Transactions, and Trustee Independence.

The information required by this item is incorporated by reference to Summit REIT's Proxy Statement for the 2012 Annual Meeting of Stockholders.

Item 14. Principal Accountant Fees and Services.

The information required by this item is incorporated by reference to Summit REIT's Proxy Statement for the 2012 Annual Meeting of Stockholders.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

1. Financial Statements
   Included herein at pages F-1 through F-38

2. Financial Statement Schedules
   The following financial statement schedule is included herein at pages F-39 through F-40.
   Schedule III — Real Estate and Accumulated Depreciation

   All schedules for which provision is made in Regulation S-X are either not required to be included herein pursuant to the related instructions or are inapplicable or the related information is included in the footnotes to the applicable financial statement.

3. Exhibits
   The following exhibits are filed as part of this report:

Exhibit Number	Description of Exhibit
3.1 †	Articles of Amendment and Restatement of Summit Hotel Properties, Inc.
3.2	Certificate of Limited Partnership of Summit Hotel OP, LP, as amended (incorporated by reference to Exhibit 3.1 to Amendment No. 2 to Registration Statement on Form 8-A filed by Summit Hotel OP, LP on February 11, 2011)
3.3	Amended and Restated Bylaws of Summit Hotel Properties, Inc. (incorporated by reference to Exhibit 3.2 to Amendment No. 2 to Registration Statement on Form S-11 filed by Summit Hotel Properties, Inc. on November 1, 2010)
3.4 †	First Amended and Restated Agreement of Limited Partnership of Summit Hotel OP, LP, dated February 14, 2011, as amended
4.1	Specimen certificate of common stock of Summit Hotel Properties, Inc. (incorporated by reference to Exhibit 4.1 to Amendment No. 5 to Registration Statement on Form S-11 filed by Summit Hotel Properties, Inc. on February 7, 2011)
10.1	Tax Protection Agreement, dated February 10, 2011, between Summit Hotel OP, LP and The Summit Group, Inc. (incorporated by reference to Exhibit 10.2 to Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on February 18, 2011)*
10.2	Transition Services Agreement, dated February 14, 2011, between Summit Hotel OP, LP and The Summit Group, Inc. (incorporated by reference to Exhibit 10.3 to Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on February 18, 2011).
10.3	Amended and Restated Hotel Management Agreement, dated February 14, 2011, among Interstate Management Company, LLC and the subsidiaries of Summit Hotel Properties, Inc. party thereto (incorporated by reference to Exhibit 10.4 to Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on February 18, 2011)
10.4	First Amendment to Amended and Restated Hotel Management Agreement, dated June 30, 2011, among Interstate Management Company, LLC and the subsidiaries of the Company party thereto (incorporated by reference to Exhibit 10.2 to Quarterly Report on Form 10-Q filed by Summit Hotel Properties, Inc. on August 15, 2011)
10.5	Second Letter Amendment and Limited Waiver, dated October 21, 2011, between Deutsche Bank AG New York Branch, as Administrative Agent and Summit Hotel OP, LP (incorporated by reference to Exhibit 10.30 of the Company's Registration Statement on Form S-11 filed on October 24, 2011)
10.6	First Letter Amendment to Secured Credit Facility, dated August 15, 2011, between Deutsche Bank AG New York Branch, as Administrative Agent, and Summit Hotel OP, LP (incorporated by reference to Exhibit 10.6 of the Company's Quarterly Report on Form 10-Q filed on August 15, 2011)
10.7	Accession Agreement, dated May 13, 2011, among Summit Hotel OP, LP, Deutsche Bank AG New York Branch, and U.S. Bank National Association (incorporated herein by reference to Exhibit 10.17 to Quarterly Report on Form 10-Q filed by Summit Hotel Properties, Inc. on May 16, 2011)
10.8	$30,000,000 Credit Agreement among Sumit Hotel OP, LP, Summit Hotel Properties, Inc. and Deutsche Bank AG New York Branch, dated March 30, 2011 (incorporated herein by reference to Exhibit 10.1 to Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on April 6, 2011).
10.9	Amendment Letter to $30,000,000 Credit Agreement among Summit Hotel OP, LP, Summit Hotel Properties, Inc., and Deutsche Bank AG New York Branch, dated April 26, 2011 (incorporated herein by reference to Exhibit 10.2 to Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on May 2, 2011).
10.10	$100,000,000 Credit Agreement dated April 29, 2011 among Summit Hotel OP, LP, Summit Hotel Properties, Inc., Summit Hospitality I, LLC and Deutsche Bank AG New York Branch, Deutsche Bank Securities Inc., Royal Bank of Canada, KeyBank National Association and Regions Bank (incorporated herein by reference to Exhibit 10.1 to Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on May 2, 2011).

10.11	Loan Modification Agreement, dated February 14, 2011, among Summit Hotel Properties, LLC, Summit Hotel OP, LP and GE Commercial Capital of Utah LLC (loan in the original principal amount of $11.4 million) (incorporated by reference to Exhibit 10.5 to Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on February 18, 2011)
10.12	Second Loan Modification Agreement, dated August 12, 2011, between Summit Hotel OP, LP, Summit Hospitality V, LLC and GE Commercial Capital of Utah LLC (loan in the original principal amount of $11.4 million) (incorporated by reference to Exhibit 10.5 of the Company's Quarterly Report on Form 10-Q filed on August 15, 2011)
10.13	Loan Modification Agreement, dated February 14, 2011, among Summit Hotel Properties, LLC, Summit Hotel OP, LP and GE Commercial Capital of Utah LLC (loan in the original principal amount of $9.5 million) (incorporated by reference to Exhibit 10.6 to Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on February 18, 2011)
10.14	Second Loan Modification Agreement, dated August 12, 2011, between Summit Hotel OP, LP and GE Commercial Capital of Utah LLC (loan in the original principal amount of $9.5 million) (incorporated by reference to Exhibit 10.4 of the Company's Quarterly Report on Form 10-Q filed on August 15, 2011)
10.15	Loan Modification Agreement, dated February 14, 2011, among Summit Hotel Properties, LLC, Summit Hotel OP, LP and GE Commercial Capital of Utah LLC (loan in the original principal amount of $11.3 million) (incorporated by reference to Exhibit 10.7 to Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on February 18, 2011)
10.16	Second Loan Modification Agreement, dated August 12, 2011, between Summit Hotel OP, LP and GE Commercial Capital of Utah LLC (loan in the original principal amount of $11.3 million) (incorporated by reference to Exhibit 10.3 of the Company's Quarterly Report on Form 10-Q filed on August 15, 2011)
10.17	Employment Agreement, dated February 14, 2011, between Summit Hotel Properties, Inc. and Kerry W. Boekelheide (incorporated by reference to Exhibit 10.8 to Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on February 18, 2011)*
10.18	Employment Agreement, dated February 14, 2011, between Summit Hotel Properties, Inc. and Daniel P. Hansen (incorporated by reference to Exhibit 10.9 to Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on February 18, 2011)*
10.19	Employment Agreement, dated February 14, 2011, between Summit Hotel Properties, Inc. and Craig J. Aniszewski (incorporated by reference to Exhibit 10.10 to Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on February 18, 2011)*
10.20	Employment Agreement, dated February 14, 2011, between Summit Hotel Properties, Inc. and Stuart J. Becker (incorporated by reference to Exhibit 10.11 to Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on February 18, 2011)*
10.21	Employment Agreement, dated February 14, 2011, between Summit Hotel Properties, Inc. and Ryan A. Bertucci (incorporated by reference to Exhibit 10.12 to Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on February 18, 2011)*
10.22 †	Second Employment Agreement, dated February 14, 2012, between Summit Hotel Properties, Inc. and Ryan A. Bertucci*
10.23	Summit Hotel Properties, Inc. 2011 Equity Incentive Plan (incorporated by reference to Exhibit 10.13 to Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on February 18, 2011)*
10.24	Form of Indemnification Agreement between Summit Hotel Properties, Inc. and each of its Executive Officers and Directors (incorporated by reference to Exhibit 10.14 to Amendment No. 2 to Registration Statement on Form S-11 filed by Summit Hotel Properties, Inc. on November 1, 2010)
10.25	Consolidated, Amended and Restated Loan Agreement dated February 13, 2012, between Summit Hotel OP, LP and ING Life Insurance and Annuity Company (incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on February 16, 2012)
10.26	Modification of Loan Agreement, dated September 30, 2011, between Summit Hotel OP, LP and ING Life Insurance and Annuity Company (loan in the original principal amount of $36.6 million) (incorporated by reference to Exhibit 10.6 to Quarterly Report on Form 10-Q filed by Summit Hotel Properties, Inc. November 10, 2011)

10.27	Construction Loan Agreement between Summit Hotel Properties, LLC and Compass Bank, dated September 17, 2008 (loan in the original principal amount of $19.25 million) (incorporated by reference to Exhibit 10.23 to Amendment No. 1 to Registration Statement on Form S-11 filed by Summit Hotel Properties, Inc. on September 23, 2010)
10.28	Second Amended and Restated Loan Agreement (Credit Pool) between Summit Hotel Properties, LLC and First National Bank of Omaha entered into August 19, 2010
10.29	Form of Option Award Agreement (incorporated by reference to Exhibit 10.6 to Amendment No. 1 to Registration Statement on Form S-11 filed by Summit Hotel Properties, Inc. on September 23, 2010)*
10.30	Form of Lease Agreement between Summit Hotel OP, LP and TRS Lessee (incorporated by reference to Exhibit 10.4 to Amendment No. 2 to Registration Statement on Form S-11 filed by Summit Hotel Properties, Inc. on November 1, 2010)
10.31	Sourcing Agreement between Six Continents Hotel, Inc., d/b/a InterContinental Hotels Group, and Summit Hotel Properties, Inc. (incorporated by reference to Exhibit 10.26 to Amendment No. 3 to Registration Statement on Form S-11 filed by Summit Hotel Properties, Inc. on December 3, 2010)
10.32	Form of Severance Agreement between Summit Hotel Properties, Inc. and Christopher R. Eng (incorporated by reference to Exhibit 10.12 to Amendment No. 1 to Registration Statement on Form S-11 filed by Summit Hotel Properties, Inc. on September 23, 2010)*
10.33	Form of Severance Agreement between Summit Hotel Properties, Inc. and JoLynn M. Sorum (incorporated by reference to Exhibit 10.13 to Amendment No. 1 to Registration Statement on Form S-11 filed by Summit Hotel Properties, Inc. on September 23, 2010)*
12.1 †	Calculation of Ratio of Earnings to Fixed Charges and Preferred Stock Dividends
21.1 †	List of Subsidiaries of Summit Hotel Properties, Inc.
21.2 †	List of Subsidiaries of Summit Hotel OP, LP
23.1 †	Consent of KPMG LLP
23.2 †	Consent of Eide Bailly LLP
31.1 †	Certification of Chief Executive Officer of Summit Hotel Properties, Inc. pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2 †	Certification of Chief Financial Officer Summit Hotel Properties, Inc. pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.3 †	Certification of Chief Executive Officer of Summit Hotel OP, LP pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.4 †	Certification of Chief Financial Officer Summit Hotel OP, LP pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1 †	Certification of Chief Executive Officer Summit Hotel Properties, Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2 †	Certification of Chief Financial Officer Summit Hotel Properties, Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.3 †	Certification of Chief Executive Officer Summit Hotel OP, LP pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.4 †	Certification of Chief Financial Officer Summit Hotel OP, LP pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

101.INS XBRL Instance Document(1)
101.SCH XBRL Taxonomy Extension Schema Document(1)
101.CAL XBRL Taxonomy Extension Calculation Linkbase Document(1)
101.DEF XBRL Taxonomy Extension Definition Linkbase Document(1)
101.LAB XBRL Taxonomy Extension Labels Linkbase Document(1)
101.PRE XBRL Taxonomy Presentation Linkbase Document(1)

_____

* Management contract or compensatory plan or arrangement.
† Filed herewith.
(1) Users of this data are advised pursuant to Rule 406T of Regulation S-T that this interactive data file is deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SUMMIT HOTEL PROPERTIES, INC. (registrant)

Date: February 28, 2012

By: /s/ Kerry W. Boekelheide
Kerry W. Boekelheide
Executive Chairman of the Board

SUMMIT HOTEL OP, LP (registrant)

By: Summit Hotel GP, LLC, its general partner

By: Summit Hotel Properties, Inc., its sole member

Date: February 28, 2012

By: /s/ Kerry W. Boekelheide
Kerry W. Boekelheide
Executive Chairman of the Board

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrants and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Kerry W. Boekelheide Kerry W. Boekelheide	Executive Chairman of the Board	February 28, 2012
/s/ Daniel P. Hansen Daniel P. Hansen	President, Chief Executive Officer and Director (principal executive officer)	February 28, 2012
/s/ Stuart J. Becker Stuart J. Becker	Executive Vice President and Chief Financial Officer (principal financial officer)	February 28, 2012
/s/ JoLynn M. Sorum JoLynn M. Sorum	Vice President, Controller and Chief Accounting Officer (principal accounting officer)	February 28, 2012
/s/ Bjorn R. L. Hanson Bjorn R. L. Hanson	Director	February 28, 2012
/s/ David S. Kay David S. Kay	Director	February 28, 2012
/s/ Thomas W. Storey Thomas W. Storey	Director	February 28, 2012
/s/ Wayne W. Wielgus Wayne W. Wielgus	Director	February 28, 2012

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
3.1 †	Articles of Amendment and Restatement of Summit Hotel Properties, Inc.
3.2	Certificate of Limited Partnership of Summit Hotel OP, LP, as amended (incorporated by reference to Exhibit 3.1 to Amendment No. 2 to Registration Statement on Form 8-A filed by Summit Hotel OP, LP on February 11, 2011)
3.3	Amended and Restated Bylaws of Summit Hotel Properties, Inc. (incorporated by reference to Exhibit 3.2 to Amendment No. 2 to Registration Statement on Form S-11 filed by Summit Hotel Properties, Inc. on November 1, 2010)
3.4 †	First Amended and Restated Agreement of Limited Partnership of Summit Hotel OP, LP, dated February 14, 2011, as amended
4.1	Specimen certificate of common stock of Summit Hotel Properties, Inc. (incorporated by reference to Exhibit 4.1 to Amendment No. 5 to Registration Statement on Form S-11 filed by Summit Hotel Properties, Inc. on February 7, 2011)
10.1	Tax Protection Agreement, dated February 10, 2011, between Summit Hotel OP, LP and The Summit Group, Inc. (incorporated by reference to Exhibit 10.2 to Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on February 18, 2011)*
10.2	Transition Services Agreement, dated February 14, 2011, between Summit Hotel OP, LP and The Summit Group, Inc. (incorporated by reference to Exhibit 10.3 to Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on February 18, 2011).
10.3	Amended and Restated Hotel Management Agreement, dated February 14, 2011, among Interstate Management Company, LLC and the subsidiaries of Summit Hotel Properties, Inc. party thereto (incorporated by reference to Exhibit 10.4 to Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on February 18, 2011)
10.4	First Amendment to Amended and Restated Hotel Management Agreement, dated June 30, 2011, among Interstate Management Company, LLC and the subsidiaries of the Company party thereto (incorporated by reference to Exhibit 10.2 to Quarterly Report on Form 10-Q filed by Summit Hotel Properties, Inc. on August 15, 2011)
10.5	Second Letter Amendment and Limited Waiver, dated October 21, 2011, between Deutsche Bank AG New York Branch, as Administrative Agent and Summit Hotel OP, LP (incorporated by reference to Exhibit 10.30 of the Company's Registration Statement on Form S-11 filed on October 24, 2011)
10.6	First Letter Amendment to Secured Credit Facility, dated August 15, 2011, between Deutsche Bank AG New York Branch, as Administrative Agent, and Summit Hotel OP, LP (incorporated by reference to Exhibit 10.6 of the Company's Quarterly Report on Form 10-Q filed on August 15, 2011)
10.7	Accession Agreement, dated May 13, 2011, among Summit Hotel OP, LP, Deutsche Bank AG New York Branch, and U.S. Bank National Association (incorporated herein by reference to Exhibit 10.17 to Quarterly Report on Form 10-Q filed by Summit Hotel Properties, Inc. on May 16, 2011)
10.8	$30,000,000 Credit Agreement among Sumit Hotel OP, LP, Summit Hotel Properties, Inc. and Deutsche Bank AG New York Branch, dated March 30, 2011 (incorporated herein by reference to Exhibit 10.1 to Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on April 6, 2011).
10.9	Amendment Letter to $30,000,000 Credit Agreement among Summit Hotel OP, LP, Summit Hotel Properties, Inc., and Deutsche Bank AG New York Branch, dated April 26, 2011 (incorporated herein by reference to Exhibit 10.2 to Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on May 2, 2011).
10.10	$100,000,000 Credit Agreement dated April 29, 2011 among Summit Hotel OP, LP, Summit Hotel Properties, Inc., Summit Hospitality I, LLC and Deutsche Bank AG New York Branch, Deutsche Bank Securities Inc., Royal Bank of Canada, KeyBank National Association and Regions Bank (incorporated herein by reference to Exhibit 10.1 to Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on May 2, 2011).
10.11	Loan Modification Agreement, dated February 14, 2011, among Summit Hotel Properties, LLC, Summit Hotel OP, LP and GE Commercial Capital of Utah LLC (loan in the original principal amount of $11.4 million) (incorporated by reference to Exhibit 10.5 to Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on February 18, 2011)

10.12	Second Loan Modification Agreement, dated August 12, 2011, between Summit Hotel OP, LP, Summit Hospitality V, LLC and GE Commercial Capital of Utah LLC (loan in the original principal amount of $11.4 million) (incorporated by reference to Exhibit 10.5 of the Company's Quarterly Report on Form 10-Q filed on August 15, 2011)
10.13	Loan Modification Agreement, dated February 14, 2011, among Summit Hotel Properties, LLC, Summit Hotel OP, LP and GE Commercial Capital of Utah LLC (loan in the original principal amount of $9.5 million) (incorporated by reference to Exhibit 10.6 to Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on February 18, 2011)
10.14	Second Loan Modification Agreement, dated August 12, 2011, between Summit Hotel OP, LP and GE Commercial Capital of Utah LLC (loan in the original principal amount of $9.5 million) (incorporated by reference to Exhibit 10.4 of the Company's Quarterly Report on Form 10-Q filed on August 15, 2011)
10.15	Loan Modification Agreement, dated February 14, 2011, among Summit Hotel Properties, LLC, Summit Hotel OP, LP and GE Commercial Capital of Utah LLC (loan in the original principal amount of $11.3 million) (incorporated by reference to Exhibit 10.7 to Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on February 18, 2011)
10.16	Second Loan Modification Agreement, dated August 12, 2011, between Summit Hotel OP, LP and GE Commercial Capital of Utah LLC (loan in the original principal amount of $11.3 million) (incorporated by reference to Exhibit 10.3 of the Company's Quarterly Report on Form 10-Q filed on August 15, 2011)
10.17	Employment Agreement, dated February 14, 2011, between Summit Hotel Properties, Inc. and Kerry W. Boekelheide (incorporated by reference to Exhibit 10.8 to Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on February 18, 2011)*
10.18	Employment Agreement, dated February 14, 2011, between Summit Hotel Properties, Inc. and Daniel P. Hansen (incorporated by reference to Exhibit 10.9 to Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on February 18, 2011)*
10.19	Employment Agreement, dated February 14, 2011, between Summit Hotel Properties, Inc. and Craig J. Aniszewski (incorporated by reference to Exhibit 10.10 to Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on February 18, 2011)*
10.20	Employment Agreement, dated February 14, 2011, between Summit Hotel Properties, Inc. and Stuart J. Becker (incorporated by reference to Exhibit 10.11 to Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on February 18, 2011)*
10.21	Employment Agreement, dated February 14, 2011, between Summit Hotel Properties, Inc. and Ryan A. Bertucci (incorporated by reference to Exhibit 10.12 to Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on February 18, 2011)*
10.22 †	Second Employment Agreement, dated February 14, 2012, between Summit Hotel Properties, Inc. and Ryan A. Bertucci*
10.23	Summit Hotel Properties, Inc. 2011 Equity Incentive Plan (incorporated by reference to Exhibit 10.13 to Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on February 18, 2011)*
10.24	Form of Indemnification Agreement between Summit Hotel Properties, Inc. and each of its Executive Officers and Directors (incorporated by reference to Exhibit 10.14 to Amendment No. 2 to Registration Statement on Form S-11 filed by Summit Hotel Properties, Inc. on November 1, 2010)
10.25	Consolidated, Amended and Restated Loan Agreement dated February 13, 2012, between Summit Hotel OP, LP and ING Life Insurance and Annuity Company (incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on February 16, 2012)
10.26	Modification of Loan Agreement, dated September 30, 2011, between Summit Hotel OP, LP and ING Life Insurance and Annuity Company (loan in the original principal amount of $36.6 million) (incorporated by reference to Exhibit 10.6 to Quarterly Report on Form 10-Q filed by Summit Hotel Properties, Inc. November 10, 2011)

10.27	Construction Loan Agreement between Summit Hotel Properties, LLC and Compass Bank, dated September 17, 2008 (loan in the original principal amount of $19.25 million) (incorporated by reference to Exhibit 10.23 to Amendment No. 1 to Registration Statement on Form S-11 filed by Summit Hotel Properties, Inc. on September 23, 2010)
10.28	Second Amended and Restated Loan Agreement (Credit Pool) between Summit Hotel Properties, LLC and First National Bank of Omaha entered into August 19, 2010
10.29	Form of Option Award Agreement (incorporated by reference to Exhibit 10.6 to Amendment No. 1 to Registration Statement on Form S-11 filed by Summit Hotel Properties, Inc. on September 23, 2010)*
10.30	Form of Lease Agreement between Summit Hotel OP, LP and TRS Lessee (incorporated by reference to Exhibit 10.4 to Amendment No. 2 to Registration Statement on Form S-11 filed by Summit Hotel Properties, Inc. on November 1, 2010)
10.31	Sourcing Agreement between Six Continents Hotel, Inc., d/b/a InterContinental Hotels Group, and Summit Hotel Properties, Inc. (incorporated by reference to Exhibit 10.26 to Amendment No. 3 to Registration Statement on Form S-11 filed by Summit Hotel Properties, Inc. on December 3, 2010)
10.32	Form of Severance Agreement between Summit Hotel Properties, Inc. and Christopher R. Eng (incorporated by reference to Exhibit 10.12 to Amendment No. 1 to Registration Statement on Form S-11 filed by Summit Hotel Properties, Inc. on September 23, 2010)*
10.33	Form of Severance Agreement between Summit Hotel Properties, Inc. and JoLynn M. Sorum (incorporated by reference to Exhibit 10.13 to Amendment No. 1 to Registration Statement on Form S-11 filed by Summit Hotel Properties, Inc. on September 23, 2010)*
12.1 †	Calculation of Ratio of Earnings to Fixed Charges and Preferred Stock Dividends
21.1 †	List of Subsidiaries of Summit Hotel Properties, Inc.
21.2 †	List of Subsidiaries of Summit Hotel OP, LP
23.1 †	Consent of KPMG LLP
23.2 †	Consent of Eide Bailly LLP
31.1 †	Certification of Chief Executive Officer of Summit Hotel Properties, Inc. pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2 †	Certification of Chief Financial Officer Summit Hotel Properties, Inc. pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.3 †	Certification of Chief Executive Officer of Summit Hotel OP, LP pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.4 †	Certification of Chief Financial Officer Summit Hotel OP, LP pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1 †	Certification of Chief Executive Officer Summit Hotel Properties, Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2 †	Certification of Chief Financial Officer Summit Hotel Properties, Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.3 †	Certification of Chief Executive Officer Summit Hotel OP, LP pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.4 †	Certification of Chief Financial Officer Summit Hotel OP, LP pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

101.INS XBRL Instance Document(1)
101.SCH XBRL Taxonomy Extension Schema Document(1)
101.CAL XBRL Taxonomy Extension Calculation Linkbase Document(1)
101.DEF XBRL Taxonomy Extension Definition Linkbase Document(1)
101.LAB XBRL Taxonomy Extension Labels Linkbase Document(1)
101.PRE XBRL Taxonomy Presentation Linkbase Document(1)

_____

* Management contract or compensatory plan or arrangement.
† Filed herewith.
(1) Users of this data are advised pursuant to Rule 406T of Regulation S-T that this interactive data file is deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

INDEX TO FINANCIAL STATEMENTS AND SCHEDULE

Report of Independent Registered Public Accounting Firm

The Board of Directors
Summit Hotel Properties, Inc.:

We have audited the accompanying consolidated balance sheet of Summit Hotel Properties, Inc. and subsidiaries as of December 31, 2011, and the consolidated balance sheet of Summit Hotel Properties, LLC and subsidiaries (Predecessor) as of December 31, 2010, and the related consolidated statements of operations and changes in equity of Summit Hotel Properties, Inc. and subsidiaries for the period from February 14, 2011 (commencement of operations) through December 31, 2011, the related consolidated statements of operations and changes in equity of Summit Hotel Properties, LLC and subsidiaries (Predecessor) for the period from January 1, 2011 through February 13, 2011 and the year ended December 31, 2010, the related combined statement of cash flows of Summit Hotel Properties, Inc. and subsidiaries and Summit Hotel Properties, LLC and subsidiaries (Predecessor) for the year ended December 31, 2011, and the related consolidated statement of cash flows of Summit Hotel Properties, LLC and subsidiaries (Predecessor) for the year ended December 31, 2010. In connection with our audits of the consolidated financial statements, we also have audited the financial statement schedule III. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Summit Hotel Properties, Inc. and subsidiaries as of December 31, 2011 and the financial position of Summit Hotel Properties, LLC and subsidiaries (Predecessor) as of December 31, 2010, and the results of Summit Hotel Properties, Inc. and subsidiaries operations for the period from February 14, 2011 (commencement of operations) through December 31, 2011 and the results of Summit Hotel Properties, LLC and subsidiaries (Predecessor) operations for the period from January 1, 2011 through February 13, 2011 and the year ended December 31, 2010, and Summit Hotel Properties, Inc. and subsidiaries and Summit Hotel Properties, LLC and subsidiaries (Predecessor) combined cash flows for the year ended December 31, 2011 and Summit Hotel Properties, LLC and subsidiaries (Predecessor) cash flows for the year ended December 31, 2010, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule III, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ KPMG LLP

Omaha, Nebraska
February 28, 2012

Report of Independent Registered Public Accounting Firm

The Partners
Summit Hotel OP, LP:

We have audited the accompanying consolidated balance sheet of Summit Hotel OP, LP and subsidiaries as of December 31, 2011, and the consolidated balance sheet of Summit Hotel Properties, LLC and subsidiaries (Predecessor) as of December 31, 2010, and the related consolidated statements of operations and changes in equity of Summit Hotel OP, LP and subsidiaries for the period from February 14, 2011 (commencement of operations) through December 31, 2011, the related consolidated statements of operations and changes in equity of Summit Hotel Properties, LLC and subsidiaries (Predecessor) for the period from January 1, 2011 through February 13, 2011 and the year ended December 31, 2010, the related combined statement of cash flows of Summit Hotel OP, LP and subsidiaries and Summit Hotel Properties, LLC and subsidiaries (Predecessor) for the year ended December 31, 2011, and the related consolidated statement of cash flows of Summit Hotel Properties, LLC and subsidiaries (Predecessor) for the year ended December 31, 2010. In connection with our audits of the consolidated financial statements, we also have audited the financial statement schedule III. These consolidated financial statements and financial statement schedule are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Summit Hotel OP, LP and subsidiaries as of December 31, 2011 and the financial position of Summit Hotel Properties, LLC and subsidiaries (Predecessor) as of December 31, 2010, and the results of Summit Hotel OP, LP and subsidiaries operations for the period from February 14, 2011 (commencement of operations) through December 31, 2011 and the results of Summit Hotel Properties, LLC and subsidiaries (Predecessor) operations for the period from January 1, 2011 through February 13, 2011 and the year ended December 31, 2010, and Summit Hotel OP, LP and subsidiaries and Summit Hotel Properties, LLC and subsidiaries (Predecessor) combined cash flows for the year ended December 31, 2011 and Summit Hotel Properties, LLC and subsidiaries (Predecessor) cash flows for the year ended December 31, 2010, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule III, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ KPMG LLP

Omaha, Nebraska
February 28, 2012

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Managers
Summit Hotel Properties, LLC
Sioux Falls, South Dakota

We have audited the consolidated statements of operations, changes in members' equity and cash flows of Summit Hotel Properties, LLC (the "Company") for the year ended December 31, 2009. The Company's management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated results of operations, changes in members' equity and cash flows for Summit Hotel Properties, LLC for the year ended December 31, 2009 in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Summit Hotel Properties, LLC's internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 31, 2010, expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Eide Bailly LLP

Greenwood Village, Colorado
March 31, 2010

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Managers
Summit Hotel Properties, LLC
Sioux Falls, South Dakota

We have audited Summit Hotel Properties, LLC (the "Company") internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Summit Hotel Properties, LLC management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Summit Hotel Properties, LLC maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated statements of operations, members' equity, and cash flows of Summit Hotel Properties, LLC for the year ended December 31, 2009, and our report dated March 31, 2010, expressed an unqualified opinion on those financial statements.

/s/ Eide Bailly LLP

Greenwood Village, Colorado
March 31, 2010

SUMMIT HOTEL PROPERTIES, INC. AND SUMMIT HOTEL PROPERTIES, LLC (PREDECESSOR)
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2011 AND 2010

	Summit Hotel Properties, Inc. 2011	Summit Hotel Properties, LLC (Predecessor) 2010
ASSETS		
Cash and cash equivalents	**$ 10,537,132**	$ 7,977,418
Restricted cash	**1,464,032**	1,933,268
Trade receivables	**3,424,630**	2,665,076
Receivable due from affiliate	**-**	4,620,059
Prepaid expenses and other	**4,268,393**	1,738,645
Land held for development	**20,294,973**	20,294,973
Property and equipment, net	**498,876,238**	445,715,804
Deferred charges and other assets, net	**8,923,906**	4,051,295
Deferred tax benefit	**2,195,820**	-
Other assets	**4,019,870**	4,011,992
TOTAL ASSETS	**$ 554,004,994**	$ 493,008,530
LIABILITIES AND EQUITY		
LIABILITIES		
Accounts payable	**$ 1,670,994**	$ 864,560
Related party accounts payable	**-**	771,066
Accrued expenses	**15,781,577**	11,092,131
Mortgages and notes payable	**217,103,728**	420,437,207
TOTAL LIABILITIES	**234,556,299**	433,164,964
COMMITMENTS AND CONTINGENCIES		
EQUITY		
Members' equity	**-**	61,468,029
Preferred stock, $.01 par value per share, 100,000,000 shares authorized, 2,000,000 issued and outstanding as of December 31, 2011	**20,000**	
Common stock, $.01 par value per share, 450,000,000 shares authorized, 27,278,000 issued and oustanding as of December 31, 2011	**272,780**	-
Additional paid-in capital	**288,902,331**	-
Accumulated deficit and distributions	**(11,020,151)**	-
Total stockholders' equity	**278,174,960**	61,468,029
Noncontrolling interest	**41,273,735**	(1,624,463)
TOTAL EQUITY	**319,448,695**	59,843,566
TOTAL LIABILITIES AND EQUITY	**$ 554,004,994**	$ 493,008,530

(See Notes to Consolidated Financial Statements)

SUMMIT HOTEL PROPERTIES, INC. AND SUMMIT HOTEL PROPERTIES, LLC (PREDECESSOR)
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2011, 2010 AND 2009

	Summit Hotel Properties, Inc.	Summit Hotel Properties, LLC (Predecessor)		
	Period 2/14/11 through 12/31/11	Period 1/1/11 through 2/13/11	2010	2009
REVENUE				
Room revenue	$ 131,638,132	$ 14,268,042	$ 133,069,346	$ 118,959,822
Other hotel operations revenue	2,646,214	330,251	2,565,723	2,239,914
Total Revenue	134,284,346	14,598,293	135,635,069	121,199,736
EXPENSES				
Hotel operating expenses				
Rooms	40,138,277	4,960,450	41,128,699	36,719,998
Other direct	17,672,220	2,657,760	17,692,322	18,047,928
Other indirect	35,870,445	4,686,274	36,466,147	32,388,787
Other	700,290	73,038	615,407	681,304
Total hotel operating expenses	94,381,232	12,377,522	95,902,575	87,838,017
Depreciation and amortization	26,378,314	3,429,216	27,250,778	23,971,118
Corporate general and administrative:				
Salaries and other compensation	2,640,878	-	-	-
Other	3,439,788	-	-	-
Equity based compensation	479,559	-	-	-
Hotel property acquisition costs	253,763	-	366,759	1,388,639
Loss on impairment of assets	-	-	6,475,684	7,505,836
Total Expenses	127,573,534	15,806,738	129,995,796	120,703,610
INCOME (LOSS) FROM OPERATIONS	6,710,812	(1,208,445)	5,639,273	496,126
OTHER INCOME (EXPENSE)				
Interest income	15,756	7,139	47,483	49,805
Interest expense	(13,192,327)	(4,666,216)	(26,362,265)	(18,320,736)
Gain (loss) on disposal of assets	(36,031)	-	(42,813)	(4,335)
Total Other Income (Expense)	(13,212,602)	(4,659,077)	(26,357,595)	(18,275,266)
INCOME (LOSS) FROM CONTINUING OPERATIONS	(6,501,790)	(5,867,522)	(20,718,322)	(17,779,140)
INCOME (LOSS) FROM DISCONTINUED OPERATIONS	-	-	-	1,464,808
NET INCOME (LOSS) BEFORE INCOME TAXES	(6,501,790)	(5,867,522)	(20,718,322)	(16,314,332)
INCOME TAX (EXPENSE) BENEFIT	2,324,983	(339,034)	(202,163)	-
NET INCOME (LOSS)	(4,176,807)	(6,206,556)	(20,920,485)	(16,314,332)
NET INCOME (LOSS) ATTRIBUTABLE TO NONCONTROLLING INTEREST	(1,239,715)	-	-	-
NET INCOME (LOSS) ATTRIBUTABLE TO SUMMIT HOTEL PROPERTIES, INC./PREDECESSOR	(2,937,092)	(6,206,556)	(20,920,485)	(16,314,332)
PREFERRED DIVIDENDS	(411,120)	-	-	-
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON STOCKHOLDERS/MEMBERS	$ (3,348,212)	$ (6,206,556)	$ (20,920,485)	$ (16,314,332)
Net income (loss) per share:				
Basic and diluted	$ (0.12)			
Weighted-average common shares outstanding:				

Basic and diluted	**27,278,000**

(See Notes to Consolidated Financial Statements)

SUMMIT HOTEL PROPERTIES, INC. AND SUMMIT HOTEL PROPERTIES, LLC (PREDECESSOR)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2011, 2010 AND 2009

	# of Shares of Preferred Stock	Preferred Stock	# of Shares of Common Stock	Common Stock	Additional Paid-In Capital	Accumulated Deficit and Distributions	Total Stockholders'/ Members' Equity	Noncontrolling Interest	Total Equity
Predecessor									
BALANCES, JANUARY 1, 2009	-	-	-	-	-	-	$ 89,385,223	$ (1,624,463)	$ 87,760,760
Class A-1 units issued	-	-	-	-	-	-	22,123,951	-	22,123,951
Net income (loss)	-	-	-	-	-	-	(16,314,332)	-	(16,314,332)
Distributions to members	-	-	-	-	-	-	(12,271,067)	-	(12,271,067)
BALANCES, DECEMBER 31, 2009	-	-	-	-	-	-	$ 82,923,775	$ (1,624,463)	$ 81,299,312
Net income (loss)	-	-	-	-	-	-	(20,920,485)	-	(20,920,485)
Distributions to members	-	-	-	-	-	-	(535,261)	-	(535,261)
BALANCES, DECEMBER 31, 2010	-	-	-	-	-	-	$ 61,468,029	$ (1,624,463)	$ 59,843,566
Net income (loss)	-	-	-	-	-	-	(6,206,556)	-	(6,206,556)
Distributions to members	-	-	-	-	-	-	(8,282,935)	-	(8,282,935)
BALANCES, FEBRUARY 13, 2011	-	-	-	-	-	-	**$ 46,978,538**	**$ (1,624,463)**	**$ 45,354,075**
Summit Hotel Properties, Inc.									
Equity from Predecessor	-	$ -	-	$ -	$ -	$ -	$ -	$ 45,354,075	$ 45,354,075
Net proceeds from sale of common stock	-	-	27,278,000	272,780	240,567,678	-	240,840,458	-	240,840,458
Net proceeds from sale of preferred stock	2,000,000	20,000	-	-	47,855,094	-	47,875,094	-	47,875,094
Dividends paid	-	-	-	-	-	(8,083,059)	(8,083,059)	(2,840,625)	(10,923,684)
Equity-based compensation	-	-	-	-	479,559	-	479,559	-	479,559
Net income (loss)	-	-	-	-	-	(2,937,092)	(2,937,092)	(1,239,715)	(4,176,807)
BALANCES, DECEMBER 31, 2011	**2,000,000**	**$ 20,000**	**27,278,000**	**$ 272,780**	**$288,902,331**	**$(11,020,151)**	**$ 278,174,960**	**$ 41,273,735**	**$319,448,695**

(See Notes to Consolidated Financial Statements)

SUMMIT HOTEL PROPERTIES, INC. AND SUMMIT HOTEL PROPERTIES, LLC (PREDECESSOR)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011, 2010 AND 2009

	2011	2010	2009
OPERATING ACTIVITIES			
Net income (loss)	**$ (10,383,363)**	$ (20,920,485)	$ (16,314,332)
Adjustments to reconcile net income (loss) to net cash from operating activities:			
Depreciation and amortization	**29,807,530**	27,250,778	24,125,066
Amortization of prepaid lease	**47,400**	47,400	118,501
Unsuccessful project costs	**-**	-	1,262,219
Loss on impairment of assets	-	6,475,684	7,505,836
Equity-based compensation	**479,559**	-	-
Deferred tax benefit	**(2,195,820)**	-	-
(Gain) loss on disposal of assets	**36,031**	42,813	(1,297,488)
Changes in operating assets and liabilities:			
Trade receivables	**(394,554)**	(56,878)	13,966
Prepaid expenses and other	**2,090,311**	(4,942,224)	315,891
Accounts payable and related party accounts payable	**35,368**	53,113	(5,847,835)
Income tax receivable	**(453,370)**	-	-
Accrued expenses	**4,291,446**	1,910,118	(774,359)
Restricted cash released (funded)	**785,036**	562,922	(76,026)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**24,145,574**	10,423,241	9,031,439
INVESTING ACTIVITIES			
Land and hotel acquisitions and construction in progress	**(50,017,000)**	(1,413,183)	(14,810,896)
Purchases of other property and equipment	**(33,514,100)**	(1,356,696)	(6,613,397)
Proceeds from asset dispositions, net of closing costs	**361,356**	14,787	207,814
Restricted cash released (funded)	**(315,800)**	(409,947)	2,239,184
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	**(83,485,544)**	(3,165,039)	(18,977,295)
FINANCING ACTIVITIES			
Proceeds from issuance of debt	**65,382,528**	4,919,026	5,083,518
Principal payments on debt	**(268,716,007)**	(10,664,412)	(6,910,814)
Financing fees on debt	**(4,275,770)**	(1,239,362)	(945,442)
Proceeds from equity offerings, net of offering costs	**288,715,552**	-	15,075,451
Distributions to members and dividends paid	**(19,206,619)**	(535,261)	(12,271,067)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**61,899,684**	(7,520,009)	31,646
NET CHANGE IN CASH AND CASH EQUIVALENTS	**2,559,714**	(261,807)	(9,914,210)
CASH AND CASH EQUIVALENTS BEGINNING OF PERIOD	**7,977,418**	8,239,225	18,153,435
END OF PERIOD	**$ 10,537,132**	$ 7,977,418	$ 8,239,225

(See Notes to Consolidated Financial Statements)

SUMMIT HOTEL PROPERTIES, INC. AND SUMMIT HOTEL PROPERTIES, LLC (PREDECESSOR)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011, 2010 AND 2009

	2011	2010	2009
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash payments for interest	**$ 18,851,603**	$ 25,866,571	$ 17,810,544
Interest capitalized	**$ -**	$ -	$ 2,977,101
Cash payments for state income taxes, net of refunds	**$ 163,206**	$ (21,807)	$ 728,514
SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCIAL INFORMATION:			
Conversion of construction in progress to other assets	**$ -**	$ -	$ 4,149,379
Equity contributions used to pay down debt	**$ -**	$ -	$ 7,048,500
Construction in progress financed through related party accounts payable	**$ -**	$ -	$ 242,135
Construction in progress financed through accounts payable	**$ -**	$ -	$ 244,126
Construction in progress financed through issuance of debt	**$ -**	$ -	$ 51,098,872
Issuance of long-term debt for short-term debt	**$ -**	$ -	$ 7,450,000
Issuance of long-term debt to refinance existing long-term debt	**$ -**	$ -	$ 22,215,852
Sale proceeds used to pay down long-term debt	**$ -**	$ -	$ 6,134,285

(See Notes to Consolidated Financial Statements)

SUMMIT HOTEL OP, LP AND SUMMIT HOTEL PROPERTIES, LLC (PREDECESSOR)
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2011 AND 2010

	Summit Hotel OP, LP 2011	Summit Hotel Properties, LLC (Predecessor) 2010
ASSETS		
Cash and cash equivalents	**$ 10,537,132**	$ 7,977,418
Restricted cash	**1,464,032**	1,933,268
Trade receivables	**3,424,630**	2,665,076
Receivable due from affiliate	**-**	4,620,059
Prepaid expenses and other	**4,268,393**	1,738,645
Land held for development	**20,294,973**	20,294,973
Property and equipment, net	**498,876,238**	445,715,804
Deferred charges and other assets, net	**8,923,906**	4,051,295
Deferred tax benefit	**2,195,820**	-
Other assets	**4,019,870**	4,011,992
TOTAL ASSETS	**$ 554,004,994**	$ 493,008,530
LIABILITIES AND EQUITY		
LIABILITIES		
Accounts payable	**$ 1,670,994**	$ 864,560
Related party accounts payable	**-**	771,066
Accrued expenses	**15,781,577**	11,092,131
Mortgages and notes payable	**217,103,728**	420,437,207
TOTAL LIABILITIES	**234,556,299**	433,164,964
COMMITMENTS AND CONTINGENCIES		
EQUITY		
Members' equity	**-**	61,468,029
Partners' equity:		
Summit Hotel Properties, Inc., 27,278,000 common units outstanding and 2,000,000 preferred units outstanding	**278,174,960**	-
Unaffiliated limited partners, 10,100,000 common units outstanding	**41,273,735**	-
Total members'/partners' equity	**319,448,695**	61,468,029
Noncontrolling interest	**-**	(1,624,463)
TOTAL EQUITY	**319,448,695**	59,843,566
TOTAL LIABILITIES AND EQUITY	**$ 554,004,994**	$ 493,008,530

(See Notes to Consolidated Financial Statements)

SUMMIT HOTEL OP, LP AND SUMMIT HOTEL PROPERTIES, LLC (PREDECESSOR)
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2011, 2010 AND 2009

	Summit Hotel OP, LP	Summit Hotel Properties, LLC (Predecessor)		
	Period 2/14/11 through 12/31/11	**Period 1/1/11 through 2/13/11**	2010	2009
REVENUE				
Room revenue	**$ 131,638,132**	**$ 14,268,042**	$ 133,069,346	$ 118,959,822
Other hotel operations revenue	**2,646,214**	**330,251**	2,565,723	2,239,914
Total Revenue	**134,284,346**	**14,598,293**	135,635,069	121,199,736
EXPENSES				
Hotel operating expenses				
Rooms	**40,138,277**	**4,960,450**	41,128,699	36,719,998
Other direct	**17,672,220**	**2,657,760**	17,692,322	18,047,928
Other indirect	**35,870,445**	**4,686,274**	36,466,147	32,388,787
Other	**700,290**	**73,038**	615,407	681,304
Total hotel operating expenses	**94,381,232**	**12,377,522**	95,902,575	87,838,017
Depreciation and amortization	**26,378,314**	**3,429,216**	27,250,778	23,971,118
Corporate general and administrative:				
Salaries and other compensation	**2,640,878**	**-**	-	-
Other	**3,439,788**	**-**	-	-
Equity based compensation	**479,559**	**-**	-	-
Hotel property acquisition costs	**253,763**	**-**	366,759	1,388,639
Loss on impairment of assets	**-**	**-**	6,475,684	7,505,836
Total Expenses	**127,573,534**	**15,806,738**	129,995,796	120,703,610
INCOME (LOSS) FROM OPERATIONS	**6,710,812**	**(1,208,445)**	5,639,273	496,126
OTHER INCOME (EXPENSE)				
Interest income	**15,756**	**7,139**	47,483	49,805
Interest expense	**(13,192,327)**	**(4,666,216)**	(26,362,265)	(18,320,736)
Gain (loss) on disposal of assets	**(36,031)**	**-**	(42,813)	(4,335)
Total Other Income (Expense)	**(13,212,602)**	**(4,659,077)**	(26,357,595)	(18,275,266)
INCOME (LOSS) FROM CONTINUING OPERATIONS	**(6,501,790)**	**(5,867,522)**	(20,718,322)	(17,779,140)
INCOME (LOSS) FROM DISCONTINUED OPERATIONS	**-**	**-**	-	1,464,808
NET INCOME (LOSS) BEFORE INCOME TAXES	**(6,501,790)**	**(5,867,522)**	(20,718,322)	(16,314,332)
INCOME TAX (EXPENSE) BENEFIT	**2,324,983**	**(339,034)**	(202,163)	-
NET INCOME (LOSS)	**(4,176,807)**	**(6,206,556)**	(20,920,485)	(16,314,332)
PREFERRED DIVIDENDS	**(411,120)**	**-**	-	-
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON UNIT HOLDERS	**(4,587,927)**	**(6,206,556)**	(20,920,485)	(16,314,332)
Net income (loss) per common unit:				
Basic and diluted	**$ (0.12)**			
Weighted-average common units outstanding:				
Basic and diluted	**37,378,000**			

(See Notes to Consolidated Financial Statements)

SUMMIT HOTEL OP, LP AND SUMMIT HOTEL PROPERTIES, LLC (PREDECESSOR)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2011, 2010 AND 2009

	Preferred	Common			
Predecessor	Summit Hotel Properties, Inc.	Summit Hotel Properties, Inc.	Total Members'/ Unaffiliated Limited Partners' Equity	Noncontrolling Interest	Total Equity
BALANCES, JANUARY 1, 2009	$ -	$ -	$ 89,385,223	$ (1,624,463)	$ 87,760,760
Class A-1 units issued	-	-	22,123,951	-	22,123,951
Net income (loss)	-	-	(16,314,332)	-	(16,314,332)
Distributions to members	-	-	(12,271,067)	-	(12,271,067)
BALANCES, DECEMBER 31, 2009	$ -	$ -	$ 82,923,775	$ (1,624,463)	$ 81,299,312
Net income (loss)	-	-	(20,920,485)	-	(20,920,485)
Distributions to members	-	-	(535,261)	-	(535,261)
BALANCES, DECEMBER 31, 2010	$ -	$ -	$ 61,468,029	$ (1,624,463)	$ 59,843,566
Net income (loss)	-	-	(6,206,556)	-	(6,206,556)
Distributions to members	-	-	(8,282,935)	-	(8,282,935)
BALANCES, FEBRUARY 13, 2011	**$ -**	**$ -**	**$ 46,978,538**	**$ (1,624,463)**	**$ 45,354,075**
Summit Hotel OP, LP					
Equity from predecessor/limited partners	$ -	$ -	$ 45,354,075	$ -	$ 45,354,075
Contributions	47,875,094	240,840,458	-	-	288,715,552
Distributions	(411,120)	(7,671,939)	(2,840,625)	-	(10,923,684)
Equity-based compensation	-	479,559	-	-	479,559
Net income (loss)	411,120	(3,348,212)	(1,239,715)	-	(4,176,807)
BALANCES, DECEMBER 31, 2011	**$ 47,875,094**	**$ 230,299,866**	**$ 41,273,735**	**$ -**	**$ 319,448,695**

(See Notes to Consolidated Financial Statements)

SUMMIT HOTEL OP, LP AND SUMMIT HOTEL PROPERTIES, LLC (PREDECESSOR)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011, 2010 AND 2009

	2011	2010	2009
OPERATING ACTIVITIES			
Net income (loss)	**$ (10,383,363)**	$ (20,920,485)	$ (16,314,332)
Adjustments to reconcile net income (loss) to net cash from operating activities:			
Depreciation and amortization	**29,807,530**	27,250,778	24,125,066
Amortization of prepaid lease	**47,400**	47,400	118,501
Unsuccessful project costs	**-**	-	1,262,219
Loss on impairment of assets	**-**	6,475,684	7,505,836
Equity-based compensation	**479,559**	-	-
Deferred tax benefit	**(2,195,820)**	-	-
(Gain) loss on disposal of assets	**36,031**	42,813	(1,297,488)
Changes in operating assets and liabilities:			
Trade receivables	**(394,554)**	(56,878)	13,966
Prepaid expenses and other	**2,090,311**	(4,942,224)	315,891
Accounts payable and related party accounts payable	**35,368**	53,113	(5,847,835)
Income tax receivable	**(453,370)**	-	-
Accrued expenses	**4,291,446**	1,910,118	(774,359)
Restricted cash released (funded)	**785,036**	562,922	(76,026)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**24,145,574**	10,423,241	9,031,439
INVESTING ACTIVITIES			
Land and hotel acquisitions and construction in progress	**(50,017,000)**	(1,413,183)	(14,810,896)
Purchases of other property and equipment	**(33,514,100)**	(1,356,696)	(6,613,397)
Proceeds from asset dispositions, net of closing costs	**361,356**	14,787	207,814
Restricted cash released (funded)	**(315,800)**	(409,947)	2,239,184
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	**(83,485,544)**	(3,165,039)	(18,977,295)
FINANCING ACTIVITIES			
Proceeds from issuance of debt	**65,382,528**	4,919,026	5,083,518
Principal payments on debt	**(268,716,007)**	(10,664,412)	(6,910,814)
Financing fees on debt	**(4,275,770)**	(1,239,362)	(945,442)
Contributions	**288,715,552**	-	15,075,451
Distributions	**(19,206,619)**	(535,261)	(12,271,067)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**61,899,684**	(7,520,009)	31,646
NET CHANGE IN CASH AND CASH EQUIVALENTS	**2,559,714**	(261,807)	(9,914,210)
CASH AND CASH EQUIVALENTS BEGINNING OF PERIOD	**7,977,418**	8,239,225	18,153,435
END OF PERIOD	**$ 10,537,132**	$ 7,977,418	$ 8,239,225

(See Notes to Consolidated Financial Statements)

SUMMIT HOTEL OP, LP AND SUMMIT HOTEL PROPERTIES, LLC (PREDECESSOR)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011, 2010 AND 2009

	2011	2010	2009
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash payments for interest	**$ 18,851,603**	$ 25,866,571	$ 17,810,544
Interest capitalized	**$ -**	$ -	$ 2,977,101
Cash payments for state income taxes, net of refunds	**$ 163,206**	$ (21,807)	$ 728,514
SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCIAL INFORMATION:			
Conversion of construction in progress to other assets	**$ -**	$ -	$ 4,149,379
Equity contributions used to pay down debt	**$ -**	$ -	$ 7,048,500
Construction in progress financed through related party accounts payable	**$ -**	$ -	$ 242,135
Construction in progress financed through accounts payable	**$ -**	$ -	$ 244,126
Construction in progress financed through issuance of debt	**$ -**	$ -	$ 51,098,872
Issuance of long-term debt for short-term debt	**$ -**	$ -	$ 7,450,000
Issuance of long-term debt to refinance existing long-term debt	**$ -**	$ -	$ 22,215,852
Sale proceeds used to pay down long-term debt	**$ -**	$ -	$ 6,134,285

(See Notes to Consolidated Financial Statements)

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES AND BUSINESS

Basis of Presentation

Summit Hotel Properties, Inc. (the "Company") is a self-advised hotel investment company that was organized on June 30, 2010 as a Maryland corporation. The Company holds both general and limited partnership interests in Summit Hotel OP, LP (the "Operating Partnership"), a Delaware limited partnership also organized on June 30, 2010. On February 14, 2011, the Company closed on its initial public offering ("IPO") of 26,000,000 shares of common stock and a concurrent private placement of 1,274,000 shares of common stock. Effective February 14, 2011, the Operating Partnership and Summit Hotel Properties, LLC (the "Predecessor") completed the merger of the Predecessor with and into the Operating Partnership (the "Merger"). At the effective time of the Merger, the outstanding Class A, Class A-1, Class B and Class C membership interests in the Predecessor were issued and converted into, and cancelled in exchange for, a total of 9,993,992 common units of limited partnership interest in the Operating Partnership ("Common Units"), and the members of the Predecessor were admitted as limited partners of the Operating Partnership. Also effective February 14, 2011, The Summit Group, Inc., the parent company of the Predecessor ("The Summit Group"), contributed its 36% Class B membership interest in Summit Group of Scottsdale, Arizona LLC ("Summit of Scottsdale") to the Operating Partnership in exchange for 74,829 Common Units and an unaffiliated third-party investor contributed its 15% Class C membership interest in Summit of Scottsdale to the Operating Partnership in exchange for 31,179 Common Units. The Predecessor owned 49% of Summit of Scottsdale prior to February 14, 2011. Effective February 14, 2011, the Company contributed the net proceeds of the IPO and the concurrent private placement to the Operating Partnership in exchange for an aggregate of 27,274,000 Common Units, including Common Units representing the sole general partnership interest in the Operating Partnership, which are held by a wholly owned subsidiary of the Company as the sole general partner of the Operating Partnership. Unless the context otherwise requires, "we" and "our" refer to the Company and the Operating Partnership collectively.

While the Operating Partnership was the survivor of and the legal acquirer of the Predecessor in the Merger, for accounting and financial reporting purposes, the Predecessor is considered the accounting acquirer in the Merger. As a result, the historical consolidated financial statements of the Predecessor are presented as the historical consolidated financial statements of the Company and the Operating Partnership after completion of the Merger and the contributions of the Class B and C membership interests in Summit of Scottsdale to the Operating Partnership (collectively, the "Reorganization Transaction").

As a result of the Reorganization Transaction, the Operating Partnership and its subsidiaries acquired sole ownership of the 65 hotels in its initial portfolio. In addition, the Operating Partnership and its subsidiaries assumed the liabilities, including indebtedness, of the Predecessor and its subsidiaries.

As of December 31, 2011, our real estate investment portfolio consists of 70 upscale, upper midscale and midscale hotels with a total of 7,095 guestrooms located in small, mid-sized and suburban markets in 19 states (see Note 7 for new acquisitions). The hotels are leased to subsidiaries ("TRS Lessees") of the Company's taxable REIT subsidiaries ("TRSs"). The Company indirectly owns 100% of the outstanding equity interests in the TRS Lessees.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Consolidation

The accompanying consolidated financial statements of the Company include the accounts of the Company, the Operating Partnership, and the Operating Partnership's subsidiaries. The accompanying consolidated financial statements of the Operating Partnership include the accounts of the Operating Partnership and its subsidiaries. All significant intercompany balances and transactions have been eliminated in the consolidated financial statements.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. At times, cash on deposit may exceed the federally insured limit. The Company maintains its cash with high credit quality financial institutions.

Receivables and Credit Policies

Trade receivables are uncollateralized customer obligations resulting from the rental of hotel rooms and the sales of food, beverage, and banquet services due under normal trade terms requiring payment upon receipt of the invoice. Trade receivables are stated at the amount billed to the customer and do not accrue interest. Customer account balances with invoices dated over 60 days old are considered delinquent. Payments of trade receivables are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

The Company reviews the collectability of the receivables monthly. A provision for losses on receivables is determined on the basis of previous loss experience and current economic conditions. There were no material uncollectible receivables and no allowance for doubtful accounts recorded as of December 31, 2011 and 2010. The Company incurred bad debt expense of $37,199, $190,107, and $88,125 for 2011, 2010 and 2009, respectively.

Property and Equipment

Buildings and major improvements are recorded at cost and depreciated using the straight-line method over 27 to 40 years, the estimated useful lives of the assets. Hotel equipment, furniture and fixtures are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the related assets of 2 to 15 years. The Company periodically re-evaluates fixed asset lives based on current assessments of remaining utilization that may result in changes in estimated useful lives. Such changes are accounted for prospectively and will increase or decrease depreciation expense. Depreciation expense from continuing operations for the year ended December 31, 2011, 2010 and 2009 totaled $26,740,666; $25,234,526 and $21,902,729, respectively. Expenditures that materially extend a property's life are capitalized. These costs may include hotel refurbishment, renovation and remodeling expenditures.

Normal maintenance and repair costs are expensed as incurred. When depreciable property is retired or disposed of, the related cost and accumulated depreciation is removed from the accounts and any gain or loss is reflected in current operations.

Capitalized Development and Interest Costs

The Company capitalizes all hotel development costs and other direct overhead costs related to the construction of hotels. Additionally, the Company capitalizes the interest costs associated with constructing new hotels. Capitalized development, direct overhead and interest are depreciated over the estimated lives of the respective assets. Organization and start-up costs are expensed as incurred. For the years ended December 31, 2011 and 2010, the Company did not capitalize interest costs, as no hotels were constructed. For the year ended December 31, 2009, the Company capitalized interest of $2,977,101.

Acquisitions

We allocate the purchase price of acquisitions based on the fair value of the acquired assets and assumed liabilities. We determine the acquisition-date fair values of all assets and assumed liabilities using methods similar to those used by independent appraisers, for example, using a discounted cash flow analysis that utilizes appropriate discount and/or capitalization rates and available market information. Estimates of future cash flows are based on a number of factors including historical operating results, known and anticipated trends, and market and economic conditions (see Note 7 for new acquisitions). Acquisition costs are expensed as incurred.

Assets Held for Sale

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 360, *Property Plant and Equipment* , requires a long-lived asset to be sold to be classified as "held for sale" in the period in which certain criteria are met, including that the sale of the asset within one year is probable. If assets are classified as held for sale, they are carried at the lower of carrying amount or fair value, less costs to sell. FASB ASC 360 also requires that the results of operations of a component of an entity that either has been disposed of or is classified as held for sale be reported in discontinued operations if the operations and cash flows of the component have been or will be eliminated from our ongoing operations.

As a part of routine procedures, we periodically review hotels based on established criteria such as age of hotel property, type of franchise associated with hotel property, and adverse economic and competitive conditions in the region surrounding the property. During the period, we completed a comprehensive review of our investment strategy and of our existing hotel portfolio and our land held for development to identify properties which we believe are either non-core or no longer complement the business as required by FASB ASC 360. We do not believe that any of these assets meet this criteria at this time.

Long-Lived Assets and Impairment

We apply the provisions of FASB ASC 360 which addresses financial accounting and reporting for the impairment or disposal of long-lived assets.

We monitor events and changes in circumstances for indicators that the carrying value of a hotel and related assets may be impaired. Factors that could trigger an impairment analysis include, among others: (1) significant underperformance relative to historical or projected operating results, (2) significant changes in the manner of use of a hotel or the strategy of our overall business, (3) a significant increase in competition, (4) a significant adverse change in legal factors or regulations and (5) significant negative industry or economic trends. When such factors are identified, we prepare an estimate of the undiscounted future cash flows, without interest charges, of the specific hotel and determine if the investment in such hotel is recoverable based on the undiscounted future cash flows. If impairment is indicated, an adjustment is made to the carrying value of the hotel to reflect the hotel at fair value.

During 2009, the Predecessor determined that four land parcels were impaired and wrote them down to their fair value. The carrying value of the assets exceeded fair value by $6,332,736, with fair value being determined by reference to the estimated market prices of such assets (Level 3 Inputs). This impairment was a result of the Predecessor's decision to stop development projects and attempt to sell the land. The Predecessor also determined that the Courtyard in Memphis, TN was impaired by $1,173,100 due to the fact that its historical carrying value was higher than the hotel's fair value due to recent economic distress on this particular hotel and market. A total impairment loss of $7,505,836 was charged to operations in 2009. During 2010, the Predecessor, in conjunction with the termination of a contract for sale of land parcels, determined that another four land parcels were impaired and wrote them down to their fair value. An impairment loss of $6,475,684 was charged to operations in 2010. The contracted sales price for each of these parcels was in excess of their carrying amounts. Subsequent to the termination of the sales contract management determined the carrying amounts were no longer realizable. During 2011, the Company did not record an impairment loss.

Deferred Charges

These assets are carried at cost and consist of deferred financing fees and initial franchise fees. Costs incurred in obtaining financing are capitalized and amortized on the straight-line method over the term of the related debt, which approximates the interest method. Initial franchise fees are capitalized and amortized over the term of the franchise agreement using the straight line method. Amortization expense from continuing operations for the year ended December 31, 2011, 2010 and 2009 totaled $3,066,864; $2,016,252 and $2,222,336, respectively. Amortization of financing costs for the years ended December 31, 2011, 2010 and 2009 were $2,206,389; $1,841,717 and $2,029,393, respectively. Amortization of franchise costs for the years ended December 31, 2011, 2010 and 2009 were $860,475; $174,535 and $192,943, respectively.

Restricted Cash

Restricted cash consists of certain funds maintained in escrow for property taxes, insurance and certain capital expenditures. Funds may be disbursed from the account upon proof of expenditures and approval from the lenders (see Note 4).

Reclassifications

Certain reclassifications have been made to the prior-year financial information of the Predecessor to conform to our current-year presentation as follows for the years ended December 31, 2010 and 2009:

- to reclassify (a) $41.1 million and $37.0 million of direct hotel operations expense (wages, payroll taxes and benefits, linens, cleaning and guestroom supplies and complimentary breakfast) as rooms expense for the years ended December 31, 2010 and 2009, respectively; and (b) $6.1 million and $5.4 million of direct hotel operations expense (franchise royalties) as other indirect expense for the years ended December 31, 2010 and 2009, respectively;

- to reclassify (a) $8.5 million and $7.7 million of other hotel operating expense (utilities and telephone) as other direct expense for the years ended December 31, 2010 and 2009, respectively; and (b) $10.5 million and $9.4 million of other hotel operating expense (property taxes, insurance and cable) as other indirect expense for the years ended December 31, 2010 and 2009;

- to reclassify (a) $4.5 million and $4.3 million of general, selling and administrative expense (office supplies, advertising, miscellaneous operating expenses and bad debt expense) as other direct expenses for the years ended December 31, 2010 and 2009; (b) $20.3 million and $19.3 million of general, selling and administrative expense (credit card/travel agent commissions, management company expense, management company legal and accounting fees and franchise fees) as other indirect expenses for the years ended December 31, 2010 and 2009, respectively; and (c) $615,000 and $681,000 of general, selling and administrative expense (ground rent and other expense) as other expense for the years ended December 31, 2010 and 2009;

- to reclassify $4.7 million and $6.2 million of repairs and maintenance expense as other direct expenses for the years ended December 31, 2010 and 2009, respectively; and

- to reclassify $367,000 and $1.4 million of other indirect expense (hotel startup costs) as hotel property acquisition costs for the years ended December 31, 2010 and 2009, respectively.

New Accounting Pronouncements

In January 2010, FASB issued an update (ASU No. 2010-06) to ASC 820, *Fair Value Measurements and Disclosures* , to improve disclosure requirements regarding transfers, classes of assets and liabilities, and inputs and valuation techniques. Certain provisions of ASU No. 2010-06 to ASC 820 related to separate line items for all purchases, sales, issuances, and settlements of financial instruments valued using Level 3 are effective for fiscal years beginning after December 15, 2010. The adoption of this ASC update on January 1, 2011 had no material impact on the consolidated financial statements or disclosures of the Company, the Operating Partnership or the Predecessor.

In May 2011, FASB issued an update (ASU No. 2011-04) to ASC 820, *Fair Value Measurements and Disclosures* , to develop common requirements for measuring fair value and for disclosing information about fair value measurements in accordance with GAAP and IFRS. This update is effective for interim and fiscal years beginning after December 15, 2011. The Company believes that this will not have a material impact on the consolidated financial statements.

In June 2011, FASB issued ASU 2011-05, Presentation of Comprehensive Income. ASU 2011-05 requires an entity to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. ASU 2011-05 eliminates the option to present the components of other comprehensive income as part of the statement of changes in equity. ASU 2011-05 is effective for interim and fiscal years beginning after December 15, 2011. In December 2011, the FASB decided to defer the effective date of those changes in ASU 2011-05 that relate only to the presentation of reclassification adjustments in the statement of income by issuing ASU 2011-12, *Comprehensive Income (Topic 220): Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive income in Accounting Standards Update 2011-05.* The Company believes that this will not have a material impact on the consolidated financial statements.

Revenue Recognition

Revenue is recognized when rooms are occupied and services have been rendered.

Concentrations of Credit Risk

The Company grants credit to qualified customers generally without collateral, in the form of accounts receivable. The Company believes its risk of loss is minimal due to its periodic evaluations of the credit worthiness of the customers.

Sales Taxes

The Company has customers in states and municipalities in which those governmental units impose a sales tax on certain sales. The Company collects those sales taxes from its customers and remits the entire amount to the various governmental units. The Company's accounting policy is to exclude the tax collected and remitted from revenues.

Fair Value

FASB ASC 820 defines fair value, establishes a framework for measuring fair value and enhances disclosures about fair value measurements. Fair value is defined under GAAP as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs.

Our estimates of the fair value of financial instruments as of December 31, 2011 were determined using available market information and appropriate valuation methods. Considerable judgment is necessary to interpret market data and develop estimated fair value. The use of different market assumptions or estimation methods may have a material effect on the estimated fair value amounts.

The carrying amounts of cash and cash equivalents, restricted cash, receivables, accounts payable and accrued expenses approximate fair value due to the short-term nature of these instruments.

As of December 31, 2011, the aggregate fair value of our consolidated mortgages and notes payable is approximately $217.4 million, compared to the aggregate carrying value of approximately $217.1 million on our consolidated balance sheet. As of December 31, 2010, the aggregate fair value was approximately $420.8 million compared to the aggregate carrying value of approximately $420.4 million.

FASB ASC 820 also requires that non-financial assets and non-financial liabilities be disclosed at fair value in the financial statements if these items are measured at fair value on a non-recurring basis, such as in determining impairment loss or the value of assets held for sale as described below.

Equity-Based Compensation

Effective as of the closing of the IPO, we adopted the 2011 Equity Incentive Plan, which provides for the grants of stock options, stock appreciation rights, restricted stock, restricted stock units, dividend equivalent rights and other stock-based awards, or any combination of the foregoing. In accordance with FASB ASC 718, equity-based compensation is recognized as an expense in the financial statements over the vesting period and measured at the fair value of the award on the date of grant. The amount of the expense may be subject to adjustment in future periods depending on the specific characteristics of the equity-based award and the application of accounting guidance.

Tax Status

We intend to elect to be taxed as a REIT under the Code commencing with our short taxable year ended December 31, 2011. To qualify as a REIT, we must meet certain organizational and operational requirements, including a requirement to distribute annually to our stockholders at least 90% of our REIT taxable income, determined without regard to the deduction for dividends paid and excluding net capital gains, which does not necessarily equal net income as calculated in accordance with GAAP. As a REIT, we generally will not be subject to federal income tax (other than taxes paid by our TRSs) to the extent we currently distribute 100% of our REIT taxable income to our stockholders. If we fail to qualify as a REIT in any taxable year, we will be subject to federal income tax on our taxable income at regular corporate income tax rates and generally will not be permitted to qualify for treatment as a REIT for the four taxable years following the year during which qualification is lost unless we satisfy certain relief provisions.

Commencing on February 14, 2011, we began to account for federal and state income taxes with respect to our TRSs using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statements' carrying amounts of existing assets and liabilities and respective tax bases and operating losses and tax-credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

NOTE 2 - INITIAL PUBLIC OFFERING

On February 14, 2011, the Company closed its IPO of 26,000,000 shares of common stock and its concurrent private placement of 1,274,000 shares of common stock. Net proceeds received by the Company and the Operating Partnership from the IPO and the concurrent private placement were $240.8 million, after deducting the underwriting discount related to the IPO of $17.7 million and the payment of offering-related expenses of approximately $7.3 million. The Company contributed the net proceeds of the IPO and the concurrent private placement to the Operating Partnership in exchange for Common Units, representing limited and general partnership interests. The Operating Partnership primarily used these funds to pay down debt (see Note 11).

NOTE 3 - PREFERRED STOCK OFFERING

On October 28, 2011, Summit REIT completed a public offering of 2,000,000 shares of its 9.25% Series A Cumulative Redeemable Preferred Stock in which it raised net proceeds of $47.9 million, after deducting the underwriting discount and estimated offering costs of approximately $2.1 million. The Company contributed the net proceeds of this offering to the Operating Partnership in exchange for Preferred Units. The Operating Partnership used these funds to pay down the principal balance of our revolving credit facility.

NOTE 4 - RESTRICTED CASH

Restricted cash as of December 31, 2011 and 2010 is comprised of the following:

Financing Lender	Property Taxes	Insurance	FF&E Reserves	**2011**	2010
Wells Fargo (Lehman)	$ -	$ -	$ -	**$ -**	$ 1,284,913
National Western Life	64,258	-	-	**64,258**	-
Goldman Sachs	174,447	82,488	65,028	**321,963**	-
Bank of the Ozarks	11,112	8,307	103,506	**122,925**	21,902
Capmark (ING)	176,291	-	-	**176,291**	139,245
Capmark (ING)	575,472	-	-	**575,472**	235,576
Capmark (ING)	117,620	-	-	**117,620**	165,810
Capmark (ING)	85,503	-	-	**85,503**	85,822
	$ 1,204,703	$ 90,795	$ 168,534	**$ 1,464,032**	$ 1,933,268

NOTE 5 - PREPAID EXPENSES AND OTHER

Prepaid expenses and other at December 31, 2011 and 2010 are comprised of the following:

	2011	2010
Prepaid insurance expense	**$ 425,821**	$ 511,169
Other	**3,842,572**	1,227,476
	$ 4,268,393	$ 1,738,645

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2011 and 2010 are comprised of the following:

	2011	2010
Land	**$ 76,846,292**	$ 69,592,292
Hotel buildings and improvements	**444,377,456**	392,138,987
Furniture, fixtures and equipment	**103,820,275**	88,781,027
	625,044,023	550,512,306
Less accumulated depreciation	**126,167,785**	104,796,502
	$ 498,876,238	$ 445,715,804

NOTE 7 - ACQUISITIONS

We acquired four hotels during the second quarter of 2011 and one hotel during the third quarter of 2011. We purchased the Homewood Suites in Ridgeland, MS on April 15, 2011 for approximately $7.3 million, the Staybridge Suites in Glendale, CO on April 27, 2011 for approximately $10.0 million, the Holiday Inn in Duluth, GA on April 27, 2011 for approximately $7.0 million, the Hilton Garden Inn in Duluth, GA for approximately $13.4 million on May 25, 2011 and the Courtyard by Marriott in El Paso, TX on July 28, 2011 for approximately $12.4 million. The purchases were financed with borrowings under our revolving credit facility. We did not acquire any intangibles or assume any debt related to these five acquisitions.

The following table shows the allocation of the aggregated purchase prices for the purchases discussed above during 2011:

	2011 (in thousands)
Land	**$ 7,254**
Hotel buildings and improvements	**41,368**
Furniture, fixtures and equipment	**1,428**
Current assets	**365**
Total assets acquired	**$ 50,415**
Current liabilities	**398**
Net assets acquired	**$ 50,017**

NOTE 8 - DEFERRED CHARGES AND OTHER ASSETS

Deferred charges and other assets at December 31, 2011 and 2010 are comprised of the following:

	2011	2010
Initial franchise fees	**$ 5,810,223**	$ 2,596,042
Deferred financing costs	**7,580,963**	9,443,365
	13,391,186	12,039,407
Less accumulated amortization	**4,467,280**	7,988,112
Total	**$ 8,923,906**	$ 4,051,295

Future amortization expense is expected to be approximately:

2012	$ 2,411,175
2013	1,975,203
2014	1,105,096
2015	610,487
2016	498,114
Thereafter	2,323,831
	$ 8,923,906

NOTE 9 - OTHER NONCURRENT ASSETS

Other noncurrent assets at December 31, 2011 and 2010 are comprised of the following:

	2011	2010
Prepaid land lease	**$ 3,540,795**	$ 3,588,195
Seller financed notes receivable	**25,705**	423,797
Income tax receivable from limited partners	**453,370**	-
	$ 4,019,870	$ 4,011,992

NOTE 10 - ACCRUED EXPENSES

Accrued expenses at December 31, 2011 and 2010 are comprised of the following:

	2011	2010
Accrued sales and other taxes	**$ 6,140,859**	$ 5,594,053
Accrued salaries and benefits	**2,114,935**	1,834,861
Accrued interest	**806,633**	1,799,693
Other accrued expenses	**6,719,150**	1,863,524
	$ 15,781,577	$ 11,092,131

NOTE 11 - DEBT OBLIGATIONS

A detail of mortgage loans and notes payable at December 31, 2011 and December 31, 2010 are comprised of the following:

Payee	Interest Rate	Maturity Date	**2011**	2010
Lehman Brothers Bank	Fixed (5.4025%)	1/11/2012	**$ -**	$ 76,829,078
ING Investment Management	a) Fixed (5.60%)	4/1/2012	**27,645,831**	28,901,411
	b) Fixed (6.10%)	7/1/2012	**28,158,119**	29,321,614
	c) Fixed (6.61%)	11/1/2013	**6,046,891**	6,235,813
	d) Fixed (6.34%)	7/1/2012	**7,655,240**	7,896,366
			69,506,081	72,355,204
National Western Life Insurance	e) Fixed (8.0%)	1/1/2015	**13,196,954**	13,631,222
Chambers Bank	f) Fixed (6.5%)	6/24/2012	**1,506,652**	1,594,177
Bank of the Ozarks	g) Variable (6.75% at 12/31/11 and 6.75% at 12/31/10)	6/29/2012	**6,333,971**	6,435,774
MetaBank	h) Variable (5.0% at 12/31/11 and 5.0% at 12/31/10)	3/1/2012	**7,057,770**	7,286,887
BNC National Bank	i) Fixed (5.01%)	11/1/2013	**5,518,845**	5,719,872
	j) Fixed (4.81%)	4/1/2016	**5,699,850**	5,814,136
			11,218,695	11,534,008
Marshall & Ilsley Bank	Variable (5.0% at 12/31/10)	6/30/2011	-	9,895,727
		3/31/2011	-	11,524,451
			-	21,420,178
General Electric Capital Corp.	k) Variable (4.08% at 12/31/11 and 2.05% at 12/31/10)	4/1/2018	**8,315,294**	8,685,517
	l) Variable (4.08% at 12/31/11 and 2.1% at 12/31/10)	3/1/2019	**10,708,600**	11,033,293
	m) Variable (4.08% at 12/31/11 and 2.85% at 12/31/10)	4/1/2014	**10,860,148**	11,182,794
			29,884,042	30,901,604
Fortress Credit Corp.	Variable(10.75% at 12/31/10)	3/5/2011	-	86,722,869
First National Bank of Omaha	Variable (5.5% at 12/31/10)	7/31/2011	-	38,375,633
First National Bank of Omaha	n) Variable (5.25% at 12/31/11 and 5.25% at 12/31/10)	7/1/2013	**15,137,035**	15,588,572
First National Bank of Omaha	n) Variable (5.25% at 12/31/11 and 5.25% at 12/31/10)	2/1/2014	**8,551,430**	8,646,361
Bank of Cascades	o) Fixed (4.66%)	9/30/2021	**12,557,412**	12,623,347
Compass Bank	p) Variable (4.5% at 12/31/11 and 4.5% at 12/31/10)	5/17/2018	**16,083,173**	16,492,293
Goldman Sachs	q) Fixed (5.67%)	7/6/2016	**14,644,044**	-
Deutsche Bank	r) Variable (3.8% at 12/31/11)	4/29/2014	**11,426,469**	-

Total mortgages and notes payable	**217,103,728**	420,437,207

a) In 2005, the Predecessor obtained a permanent loan with ING Investment Management ("ING") secured by six of our hotels in the amount of $34,150,000. This loan carries an interest rate of 5.6% and matures on July 1, 2025, with options for the lender to call the note beginning in 2012 upon six months prior notice. ING exercised their call option in May 2011. See further discussion below. Proceeds were used to refinance other short and long-term debt related to the secured hotels. The monthly principal and interest payment is $236,843.

b) In 2006, the Predecessor obtained a permanent loan with ING secured by nine of our hotels in the amount of $36,600,800. This loan carries an interest rate of 6.1% and matures in July 2012. Proceeds were used to refinance other short and long-term debt related to the secured hotels. The monthly principal and interest payment is $243,328.

c) On November 1, 2006, the Predecessor entered into a loan with ING. The loan was for construction of the Residence Inn in Jackson, MS. The loan for $6,600,000 has a fixed rate of 6.61% and a maturity date of November 1, 2028, with a call option on November 1, 2013. The monthly principal and interest payment is $49,621.

d) On December 22, 2006, the Predecessor entered into a loan with ING for the construction of the Hilton Garden Inn in Ft. Collins, CO. The loan was for $8,318,000 and has a fixed rate of 6.34% and matures on July 1, 2012. The monthly principal and interest is $61,236.

e) On December 8, 2009, the Predecessor entered into two loans with National Western Life Insurance Company in the amounts of $8,650,000 and $5,350,000 to refinance the JP Morgan debt on the two Scottsdale, AZ hotels. The loans carry a fixed rate of 8.0% and mature on January 1, 2015. The monthly principal and interest payment is $125,756.

f) In 2003, the Predecessor entered into a loan with Chambers Bank to purchase the Aspen Hotel in Ft. Smith, AR. The loan carries a fixed rate of 6.5% and matures on June 24, 2012. The monthly principal and interest payment is $15,644.

g) On June 29, 2009, the Predecessor entered into a loan with Bank of the Ozarks in the amount of $10,816,000 to fund the hotel construction located in Portland, OR. The loan carries a variable interest rate of 90 day LIBOR plus 400 basis points with a floor of 6.75% and matures on June 29, 2012. The monthly principal and interest payment is $44,935.

h) On March 10, 2009, the Predecessor entered into a loan modification agreement with MetaBank in the amount of $7,450,000 on the Boise, ID Cambria Suites. The loan modification extended the maturity date to March 1, 2012. The loan has a variable interest rate of Prime, with a floor of 5%. The monthly principal and interest is $30,811.

i) On May 10, 2006, the Predecessor entered into a loan with BNC National Bank in the amount of $7,120,000 to fund construction of the Hampton Inn in Ft. Worth, TX. The loan has a fixed rate of 5.01% and matures on November 1, 2013. The monthly principal and interest payment is $40,577.

j) On October 1, 2008, the Predecessor entered into a loan with BNC National Bank in the amount of $6,460,000 to fund the land acquisition and hotel construction of the Holiday Inn Express located in Twin Falls, ID. The loan has a fixed rate of 4.81% and matures on April 1, 2016. The monthly principal and interest payment is $37,763.

k) On April 30, 2007, the Predecessor entered into a loan with General Electric Capital Corporation ("GECC") in the amount of $9,500,000 to fund the land acquisition on hotel construction located in Denver, CO. The loan carries a variable interest rate of LIBOR plus 350 basis points and matures on April 1, 2018. The monthly principal and interest payment is $53,842.

l) On August 15, 2007, the Predecessor entered into a loan with GECC in the amount of $11,300,000 to fund construction of the Cambria Suites in Baton Rouge, LA. The loan carries a variable interest rate of LIBOR plus 350 basis points and matures in March 2019. The monthly principal and interest payment is $49,709.

m) On February 29, 2008, the Predecessor entered into a loan with GECC in the amount of $11,400,000 to fund the land acquisition and hotel construction located in San Antonio, TX. The loan carries a variable interest rate of 90 day LIBOR plus 350 basis points and matures in April 2014. The monthly principal and interest payment is $54,639.

n) The Company has a credit pool agreement with the First National Bank of Omaha providing the Company with medium-term financing. The agreement allows for two-year interest only notes and five-year amortizing notes, for which the term of an individual note can extend beyond the term of the agreement. Interest on unpaid principal is payable monthly at a rate LIBOR plus 4.0% and a floor of 5.25%. Two notes totaling $15,137,035 require monthly principal and interest payments of $105,865 and mature on July 1, 2013. The note for $8,551,430 requires a monthly principal and interest payment of $46,072 and matures on February 1, 2014.

o) On October 3, 2008, the Predecessor entered into a loan with Bank of the Cascades in the amount of $13,270,000 to fund the land acquisition and hotel construction of the Residence Inn located in Portland, OR. On September 30, 2011, we refinanced the loan to have a new maturity date of September 30, 2021 and a fixed interest rate of 4.66% until September 30, 2016 with a fixed interest rate thereafter of the then-current Federal Home Loan Bank of Seattle Intermediate/Long-Term, Advances Five-year Fixed Rate plus 3.00%. The monthly principal and interest payment is $71,316.

p) On September 17, 2008, the Predecessor entered into a loan with Compass Bank in the amount of $19,250,000 to fund the land acquisition and hotel construction of the Courtyard by Marriott located in Flagstaff, AZ. The loan carries a variable interest rate of Prime minus 25 basis points, with a floor of 4.5%, and matures on May 17, 2018. The monthly principal and interest payment is $128,838.

q) On June 28, 2011, the Company entered into a loan with Goldman Sachs Commercial Mortgage Capital, LP in the principal amount of $14,750,000 on the SpringHill Suites hotel in Bloomington, MN and the Hampton Inn & Suites hotel in Bloomington, MN. The interest rate is fixed at 5.67%. The loan matures on July 6, 2016, and monthly principal and interest payments are $92,082.

r) On April 29, 2011, the Company entered into a $100.0 million, three-year (with an option to extend for one additional year if we meet certain requirements) senior secured revolving credit facility with Deutsche Bank AG New York Branch, as administrative agent and lender, and a syndicate of other lenders. We pay interest on the periodic advances under the senior secured revolving credit facility at varying rates, based upon, at our option, either (i) 1-, 2-, 3- or 6-month LIBOR, subject to a floor of 0.50%, plus a LIBOR margin between 2.50% and 3.50%, depending upon the ratio of our outstanding consolidated total indebtedness to EBITDA (as defined in the loan documentation), or (ii) the applicable base rate, which is the greatest of the administrative agent's prime rate, 0.50% plus the federal funds effective rate, and 1-month LIBOR (incorporating the floor of 0.50%) plus 1.00%, plus a margin between 1.50% and 2.50%, depending upon the ratio of outstanding consolidated total indebtedness to EBITDA (as defined in the loan documentation). Borrowing availability under the facility is subject to a borrowing base of properties pledged as collateral for borrowings under the facility and other conditions. On May 13, 2011, the Operating Partnership entered into an agreement with Deutsche Bank AG New York Branch and U.S. Bank National Association that increased the maximum aggregate amount of the credit facility from $100.00 million to $125.0 million. As of December 31, 2011, the outstanding principal balance on this secured credit facility was approximately $11.4 million. Our borrowing capacity as of December 31, 2011 was approximately $92.3 million and $80.9 million was available for future use.

Maturities of long-term debt for each of the next five years are estimated as follows:

2012	$ 82,354,588
2013	25,880,486
2014	29,850,880
2015	13,237,614
2016	19,828,194
Thereafter	45,951,966
	$ 217,103,728

The Company refinanced ING and MetaBank debt of approximately $76.6 million in February 2012 (see Note 20). The Company is in preliminary discussions with Chambers Bank and Bank of the Ozarks about refinancing the related debt that is due in June 2012.

The weighted average interest rate for all borrowings was 5.38% and 5.70% at December 31, 2011 and 2010, respectively.

	2011	2010
	(in millions)	(in millions)
Fixed-rate mortgage loans	**$ 122.6**	$ 170.1
Variable-rate mortgage loans	**94.5**	250.3
	$ 217.1	$ 420.4

As previously reported, we utilized a portion of the net proceeds from the IPO and concurrent private placement to pay down outstanding mortgage indebtedness. During the three months ended March 31, 2011, we utilized approximately $227.2 million of such net proceeds to reduce outstanding mortgage indebtedness and pay associated costs, as follows:

- approx imately $89.3 million to repay in full a loan from Fortress Credit Corp., including approximately $2.1 million of exit fees, interest and legal fees;
- approximately $78.2 million to repay in full a loan originally made by Lehman Brothers Bank, including approximately $1.4 million to pay an extinguishment premium and other transaction costs;
- approximately $21.4 million to repay in full two loans from Marshall & Isley Bank; and
- approximately $38.3 million to repay in full two loans from First National Bank of Omaha.

In connection with the March 23, 2011 termination of franchise agreements with Choice Hotels International, Inc. (“Choice”), we executed agreements with ING and with GECC in connection with the termination of the franchise agreements with respect to the hotels securing loans from these lenders.

We entered into an agreement with ING pursuant to which ING agreed to forbear, for a period of 120 days, from declaring any default relating to the termination of the Choice franchise agreements. On July 27, 2011, ING agreed to substitute the SpringHill Suites, Flagstaff, AZ, and the Staybridge Suites, Ridgeland, MS, and release the AmericInn, Fort Smith, AR (formerly Comfort Inn) and AmericInn, Missoula, MT (formerly Comfort Inn), and otherwise waive any defaults related to the termination and change of franchise. The collateral substitution closed on September 30, 2011.

GECC agreed to waive any default relating to the termination of the Choice franchise agreements, provided that an event of default would be declared if a replacement franchise agreement was not entered into by August 15, 2011. On July 25, 2011, we entered into a non-binding letter of intent pursuant to which we and GECC agreed to modify the loans as follows: (a) decrease the interest rate to 90-day LIBOR plus 3.50%; (b) certain fixed charge coverage ratios will be modified to reflect the stabilization of revenues of the former Choice hotels after their conversion to other nationally-recognized brands; and (c) we will pledge additional collateral for the loans, including the Aloft, Jacksonville, Florida, the Hyatt Place, Las Colinas, Texas, and the Fairfield Inn, Boise, Idaho, which liens on these three additional hotels may be released upon satisfaction of certain fixed charge coverage ratio tests on the collateralized hotels as well as on our entire hotel portfolio. The modification cured any potential default under the GECC loans related to the change in franchise, and was closed August 12, 2011.

In May 2011, ING notified us that it was exercising its contractual right to declare the entire principal balance and accrued but unpaid interest on its loan to us, which had an outstanding principal balance of approximately $27.6 million as of December 31, 2011, to become due and payable on January 1, 2012. On October 3, 2011, we and ING agreed to a non-binding term sheet pursuant to which we planned to refinance and consolidate that loan and our other three ING loans, which four loans collectively had an aggregate outstanding balance of approximately $69.5 million as of December 31, 2011, into a single 7-year term loan with a principal balance of $67.5 million, amortized over 20 years and bearing an annual interest rate of 6.10%, collateralized by 16 properties containing 1,639 guestrooms. After taking into account the continuing amortization of the existing loans through closing and the proceeds of the new loan, we funded at closing approximately $1.5 million of principal paydown with a draw on our revolving credit facility (see Note 20).

NOTE 12 - DISCONTINUED OPERATIONS

The Company has reclassified its consolidated financial statements of operations for the years ended December 31, 2009 to reflect discontinued operations of two consolidated hotel properties sold during this period pursuant to the plan for hotel dispositions. This reclassification has no impact on the Company's net income or the net income per share. During 2009, the Company sold two hotel properties located in Ellensburg, WA and St. Joseph, MO for approximately $6,810,000, with net proceeds of approximately $6,342,000.

Condensed financial information of the results of operations for these hotel properties included in discontinued operations are as follows:

	2009
REVENUE	$ 1,133,690
EXPENSES	
Rooms	296,012
Other direct	146,159
Other indirect	282,139
Other	53,463
Depreciation and amortization	153,948
	931,721
INCOME FROM OPERATIONS	201,969
OTHER INCOME (EXPENSE)	
Interest income	116
Interest expense	(39,100)
Gain (loss) on disposal of assets	1,301,823
	1,262,839
INCOME (LOSS) FROM DISCONTINUED OPERATIONS	$ 1,464,808

NOTE 13 - NONCONTROLLING INTERESTS

As of December 31, 2011, limited partners of the Operating Partnership other than the Company owned 10,100,000 Common Units representing an approximate 27% limited partnership interest in the Operating Partnership. Beginning on or after February 14, 2012, pursuant to the limited partnership agreement, redemption rights of the limited partners other than the Company, will enable those limited partners to cause the Operating Partnership to redeem their Common Units in exchange for cash based upon the fair value of an equivalent number of shares of the Company's common stock at the time of redemption, or at the Company's option, shares of the Company's common stock, on a one-for-one basis. The number of shares of the Company's common stock issuable upon redemption of Common Units may be adjusted upon the occurrence of certain events such as share dividends, share subdivisions or combinations.

The Company classifies these Common Units as noncontrolling interests as a component of permanent equity on the December 31, 2011 consolidated balance sheet. The share of net loss allocated to these Common Units is reported on the accompanying consolidated statement of operations for the period February 14, 2011 through December 31, 2011 as net loss attributable to noncontrolling interests. For the period from February 14, 2011 through December 31, 2011, no Common Units were redeemed.

NOTE 14 - EQUITY

Common Shares

On February 14, 2011, the Company completed an underwritten public offering of 27,274,000 common shares, par value of $.01 per share (see Note 2). Upon completion of the offering, the Company issued 4,000 common shares to our independent directors pursuant to the 2011 Equity Incentive Plan. The Company granted options to purchase 940,000 common shares (see Note 16). The Company paid dividends of $.05625, $.1125, and $.1125 per share on May 23, 2011; August 31, 2011; and November 30, 2011, respectively.

Preferred Shares

On October 28, 2011, the Company completed an underwritten public offering of 2,000,000 shares of 9.25% Series A Cumulative Redeemable Preferred Stock, par value of $.01 per share (see Note 3). Dividends are payable quarterly in arrears on or about the last day of February, May, August and November of each year. The Company paid dividends of $.20556 per share on November 30, 2011.

NOTE 15 - BENEFIT PLANS

Effective August 1, 2011, the Company has a qualified contributory retirement plan (the Plan), under Section 401(k) of the Internal Revenue Code which covers all full-time employees who meet certain eligibility requirements. Voluntary contributions may be made to the Plan by employees. The Plan is a Safe Harbor Plan and requires a mandatory employer contribution. The employer contribution expense for the year ended December 31, 2011 was approximately $69,000.

NOTE 16 - EQUITY-BASED COMPENSATION

The Company measures and recognizes compensation expense for all equity-based payments. The compensation expense is recognized based on the grant-date fair value of those awards. All of the Company's existing stock option awards have been determined to be equity-classified awards.

The Company's 2011 Equity Incentive Plan provides for the granting of options, stock appreciation rights, restricted stock, restricted stock units, dividend equivalent rights, and other equity-based award or incentive award up to an aggregate of 2,318,290 shares of the Company's common stock. Options granted may be either incentive stock options or nonqualified stock options. Vesting terms may vary with each grant, and option terms are generally five to ten years.

Concurrent with the completion of the IPO, the Company granted options to purchase 940,000 shares of the Company's common stock. Options to purchase shares of common stock were granted with exercise prices equal to $9.75 per share, the fair value of the common stock on the date of grant. Options vest on a ratable basis over a five-year period following the date of grant and options terms are generally five to ten years following the date of grant. The fair value of stock options granted was estimated using a Black-Scholes valuation model with the following assumptions:

	2011
Expected dividend yield at date of grant	**5.09%**
Expected stock price volatility	**56.6%**
Risk-free interest rate	**2.57%**
Expected life of options (in years)	**6.5**

The risk-free interest rate assumptions were based on the U.S. Treasury yield curve in effect at the time of the grant. The expected volatility was based on historical monthly price changes of a peer group of comparable entities based on the expected life of the options at the date of grant. The expected life of options is the average number of years the Company estimates that options will be outstanding. The Company considers groups of associates that have similar historical exercise behavior separately for valuation purposes.

The following table summarizes stock option activity under the Company's 2011 Equity Incentive Plan for the year ended December 31, 2011:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Terms (years)	Aggregate Intrinsic Value (in thousands)
Outstanding at December 31, 2010	-	$ -	-	$ -
Granted	940,000	$ 9.75	-	$ -
Exercised	-	$ -	-	$ -
Cancelled	-	$ -	-	$ -
Outstanding at December 31, 2011	940,000	$ 9.75	9.1	$ - (1)
Exercisable at December 31, 2011	-	$ -	-	$ -

(1) Exercise price exceeds our market price at December 31, 2011.

Concurrent with the completion of the IPO, the Company granted 4,000 shares of stock to directors of the Company under the 2011 Equity Incentive Plan and recognized $39,000 of compensation expense. These shares vested concurrent with the grant.

NOTE 17 - EARNINGS (LOSS) PER SHARE

Diluted loss per share was the same as basic loss per share for the year ended December 31, 2011 as any potential impact from the outstanding stock option awards and preferred shares were anti-dilutive.

At December 31, 2011, options to purchase 940,000 shares of common stock at a weighted average exercise price of $9.75 per share were outstanding but were not included in the computation of diluted earnings per share, as the options' exercise price was greater than the average market price of the common shares.

NOTE 18 - COMMITMENTS AND CONTINGENCIES

The Company leases land for two of its Ft. Smith, AR properties under the terms of operating ground lease agreements expiring August 2022 and May 2030. The Company has options to renew the leases for periods that range from 5-30 years. The Company also has a prepaid land lease on the Portland, OR hotels with a remaining balance of $3,540,795 on December 31, 2011. This lease expires in June 2084. The Company leases land on the Duluth, GA Holiday Inn property under the terms of an operating ground lease agreement expiring April 1, 2069. Total rent expense for these four leases for the years ended December 31, 2011, 2010 and 2009 was $352,534, $229,394, and $304,323, respectively.

Approximate future minimum rental payments for noncancelable operating leases in excess of one year are as follows:

2012	$ 431,991
2013	442,026
2014	452,362
2015	463,008
2016	473,973
Thereafter	35,164,202
	$ 37,427,562

On March 23, 2011, Choice Hotels International terminated the franchise agreements on 10 of our hotels. Choice also terminated the franchise agreement for the Cambria Suites, Bloomington, MN effective June 23, 2011. We filed an arbitration action against Choice claiming wrongful termination of our franchise agreements. In response to our arbitration action, Choice responded with counterclaims of fraudulent inducement, negligent misrepresentation, breach of contract and trademark infringement. The parties have agreed to litigate all claims in the arbitration action. The arbitration hearings were held in December 2011 and January 2012. Findings from the arbitration panel are expected in late March or April, 2012. The Company vehemently denies all asserted claims and is vigorously defending the claims. The Company is unable to predict the outcome as it relates to these claims.

Following the termination of the 11 franchise agreements with Choice, we entered into new license or franchise agreements for all of these hotels. On April 6, 2011, we entered into a license agreement with Holiday Hospitality Franchising, Inc. for the Holiday Inn in Boise, ID. On April 15, 2011, we entered into franchise agreements with AmericInn International, LLC for five hotels in Salina, KS; Missoula, MT; Golden, CO; Twin Falls, ID; and Ft. Smith, AR. On May 17, 2011, we entered into a license agreement with Carlson Inc. for the Country Inn & Suites in San Antonio, TX. On June 24, 2011, we entered into a franchise agreement with Marriott International, Inc. for the SpringHill Suites in Bloomington, MN. On August 5, 2011, we entered into a franchise agreement with Hilton Worldwide for the DoubleTree in Baton Rouge, LA. On August 22, 2011, we entered into a franchise agreement with Marriott to operate our 70-room hotel in Fort Worth, TX as a Fairfield Inn & Suites, upon completion of certain capital improvements, currently expected to be completed during the second quarter of 2012. On August 24, 2011, we entered into a franchise agreement with InterContinental to operate our 67-room hotel in Charleston, WV as a Holiday Inn Express.

NOTE 19 - INCOME TAXES

The deferred tax asset of $2,195,820 relates primarily to the taxable loss of the Company's taxable REIT subsidiaries. The earnings (loss), other than in the taxable REIT subsidiaries of the Company are not generally subject to Federal income taxes at the Company level, due to the REIT election made by the Company. As of December 31, 2011, the Company has estimated net operating loss carry forwards of the taxable REIT subsidiaries for federal income tax reporting purposes of approximately $5.5 million. No valuation allowances have been recorded against the Company's deferred tax assets, as the Company believes the income tax benefit is fully realizable based upon projected future taxable income.

The Company had no unrecognized tax benefits as of or during the three year period ended December 31, 2011. The Company expects no significant increases or decreases in unrecognized tax benefits due to changes in tax positions within one year of December 31, 2011. The Company has no material interest or penalties relating to income taxes recognized in the consolidated statements of operations for the years ended December 31, 2011, 2010, and 2009 or in the consolidated balance sheets as of December 31, 2011 and 2010.

Current tax liabilities of $148,879 are included in accrued expenses on the accompanying Consolidated Balance Sheets and relate to the state and local tax expense of the Operating Partnership.

The components of income tax expense (benefit) for the years ended December 31, 2011, 2010 and 2009 are:

	Summit Hotel Properties, Inc.	Summit Hotel Properties, LLC (Predecessor)		
	Period 2/14/11 through 12/31/11	**Period 1/1/11 through 2/13/11**	2010	2009
Current:				
Federal	$ -	$ -	$ -	$ -
State and local	(129,163)	339,034	202,163	-
Deferred:				
Federal (34%)	(1,866,447)	-	-	-
State and local (6%)	(329,373)	-	-	-
	$ (2,324,983)	$ 339,034	$ 202,163	$ -

Our Predecessor is a limited liability company and as such, all Federal taxable income of a limited liability company flows through and is taxable to its members.

For Federal income tax purposes, the cash distributions paid to the Company's common shareholders and preferred shareholders may be characterized as ordinary income, return of capital (generally non-taxable) or capital gains.

A summary of the average taxable nature of the Company's common dividends for the year ended December 31, 2011, is as follows:

	2011
Total dividends per share	$ 0.28
Ordinary income	33.89%
Return of capital	66.11%
	100.00%

A summary of the average taxable nature of the Company's dividend on Series A Cumulative Redeemable Preferred Shares for the year ended December 31, 2011, is as follows:

	2011
Total dividends per share	$ 0.21
Ordinary income	100.00%
Return of capital	0.00%
	100.00%

NOTE 20 - SUBSEQUENT EVENTS

On January 12, 2012, we purchased 90% of the ownership interests in the 150 unit Courtyard by Marriott hotel in Atlanta, Georgia for a purchase price of approximately $28.5 million. Upon expiraiton of tax credits related to the hotel in approximately four years, we will be able to take assignment of the remaining ownership of the hotel for approximately $350,000 of additional consideration. We funded the purchase price of this acquisition through the assumption of a term loan with Empire Financial with a principal balance of $19 million and with approximately $9.5 million on our revolving credit facility. In connection with this acquisition, we have engaged Courtyard Management to manage the hotel pursuant to a hotel management agreement.

On February 13, 2012, we closed on the consolidation and refinance of our four loans with ING Life Insurance and Annuity, which four loans collectively had an aggregate outstanding balance of approximately $69.5 million as of December 31, 2011. The loans were consolidated into a single 7-year term loan with a principal balance of $67.5 million, maturity date of March 1, 2032, amortized over 20 years and bearing an annual interest rate of 6.10%, collateralized by 16 properties containing 1,639 guestrooms. The lender has the right to call the loan so as to be payable in full at March 1, 2019, March 1, 2024 and March 1, 2029.

On February 14, 2012, we closed on the refinance of our loan with Metabank, which had an outstanding balance as of the date of closing of approximately $7.0 million. The loan matures on February 1, 2017, is amortized over approximately 17 years, and bears an annual interest rate of 4.95%.

NOTE 21 - SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

Selected consolidated quarterly financial data (in thousands, except per unit amounts) for 2011 and 2010 is summarized below. The sum of the quarterly income (loss) per unit amounts may not equal the annual income per unit amounts due primarily to changes in the number of common units and common unit equivalents outstanding from quarter to quarter.

		Summit Hotel Properties, Inc.				
	Predecessor	Three Months Ended				
	1/1-2/13	2/14 -3/31	6/30	9/30	12/31	Total
2011:						
Total revenue	**$ 14,598**	**$ 18,809**	**$ 38,589**	**$ 42,330**	**$ 34,556**	**$ 134,284**
Net income (loss) from continuing operations	**(5,868)**	**(1,442)**	**948**	**40**	**(6,048)**	**(6,502)**
Net income (loss) attributable to common stockholders/members	**$ (6,207)**	**$ (1,178)**	**$ 441**	**$ 30**	**$ (2,641)**	**$ (3,348)**
Net income (loss) per share, basic and diluted:		**$ (0.04)**	**$ 0.02**	**$ 0.00**	**$ (0.10)**	**$ (0.12)**

		Summit Hotel OP, LP				
	Predecessor	Three Months Ended				
	1/1-2/13	2/14 -3/31	6/30	9/30	12/31	Total
2011:						
Total revenue	**$ 14,598**	**$ 18,809**	**$ 38,589**	**$ 42,330**	**$ 34,556**	**$ 134,284**
Net income (loss) from continuing operations	**(5,868)**	**(1,442)**	**948**	**40**	**(6,048)**	**(6,502)**
Net income (loss) attributable to common unitholders/members	**$ (6,207)**	**$ (1,614)**	**$ 604**	**$ 41**	**$ (3,619)**	**$ (4,588)**
Net income (loss) per share, basic and diluted:		**$ (0.04)**	**$ 0.02**	**$ 0.00**	**$ (0.10)**	**$ (0.12)**

	Summit Hotel Properties, LLC (Predecessor)				
	Three Months Ended				
	3/31	6/30	9/30	12/31	Total
2010:					
Total revenue	**$ 31,363**	**$ 35,849**	**$ 37,601**	**$ 30,822**	**$ 135,635**
Net income (loss) from continuing operations	**(3,404)**	**(1,998)**	**(1,251)**	**(14,065)**	**(20,718)**
Net income (loss) attributable to SHP LLC	**$ (3,556)**	**$ (2,074)**	**$ (1,296)**	**$ (13,994)**	**$ (20,920)**

SUMMIT HOTEL PROPERTIES, INC/SUMMIT HOTEL OP, LP
Schedule III - Real Estate and Accumulated Depreciation
December 31, 2011
(in thousands)

			Initial Cost			Total Cost					
Location	Franchise	Year Acquired/ Constructed	Land	Building & Improvements	Cost Capitalized Subsequent to Acquisition	Land	Building & Improvements	Total	Accumulated Depreciation	Total Cost Net of Accumulated Depreciation	Mortgage Debt
Atlanta, GA	Hyatt Place	2006	$ 1,154	$ 9,605	$ 2,970	$ 1,154	$ 12,575	$ 13,729	$ (3,769)	$ 9,960	$ 8,551
Baton Rouge, LA	DoubleTree	2008	1,100	14,063	800	1,100	14,863	15,963	(2,728)	13,235	10,709 (2)
Baton Rouge, LA	Fairfield Inn by Marriott	2004	345	3,057	638	345	3,695	4,040	(1,271)	2,769	- (1)
Baton Rouge, LA	SpringHill Suites by Marriott	2004	448	3,729	696	448	4,425	4,873	(1,565)	3,308	- (1)
Baton Rouge, LA	TownePlace Suites	2004	259	3,743	659	259	4,402	4,661	(1,677)	2,984	- (1)
Bellevue, WA	Fairfield Inn by Marriott	2004	2,705	12,944	1,890	2,705	15,447	18,152	(3,406)	14,746	- (1)
Bloomington, MN	SpringHill Suites by Marriott	2007	1,658	14,071	669	1,658	14,740	16,398	(3,088)	13,310	2,234
Bloomington, MN	Hampton Inn	2007	1,658	14,596	45	1,658	14,641	16,299	(3,220)	13,079	12,410
Boise, ID	Fairfield Inn by Marriott	2004	564	2,874	323	564	3,197	3,761	(998)	2,763	- (2)
Boise, ID	Hampton Inn	2004	597	3,295	1,311	1,335	3,868	5,203	(1,242)	3,961	- (1)
Boise, ID	Holiday Inn Express	2005	1,038	2,422	238	780	2,918	3,698	(1,051)	2,647	2,351
Boise, ID	Holiday Inn	2007	1,934	10,968	422	1,299	12,025	13,324	(4,063)	9,261	7,058 (4)
Charleston, WV	Country Inn & Suites	2004	1,042	3,489	441	1,042	3,930	4,972	(1,275)	3,697	-
Charleston, WV	Holiday Inn Express	2004	907	2,903	2,130	907	5,033	5,940	(840)	5,100	-
Denver, CO	Fairfield Inn by Marriott	2004	1,566	6,783	2,072	1,566	9,457	11,023	(1,932)	9,091	- (1)
Denver, CO	SpringHill Suites by Marriott	2007	1,076	11,079	24	1,076	11,103	12,179	(2,493)	9,686	8,315 (2)
Denver, CO	Hampton Inn	2004	1,125	3,678	850	1,125	4,528	5,653	(1,992)	3,661	4,860 (3)
Duluth, GA	Holiday Inn	2011	-	7,000	97	-	7,097	7,097	(211)	6,886	- (1)
Duluth, GA	Hilton Garden Inn	2011	2,200	11,150	34	2,200	11,184	13,384	(268)	13,116	- (1)
El Paso, TX	Courtyard by Marriott	2011	1,640	10,710	20	1,640	10,730	12,370	(172)	12,198	-
El Paso, TX	Hampton Inn	2005	2,055	10,745	1,313	2,055	12,058	14,113	(4,092)	10,021	7,323
Emporia, KS	Fairfield Inn by Marriott	2004	320	2,436	238	320	2,674	2,994	(883)	2,111	- (1)
Emporia, KS	Holiday Inn Express	2004	292	2,840	464	292	3,304	3,596	(1,004)	2,592	- (1)
Flagstaff, AZ	Courtyard by Marriott	2009	3,353	20,785	13	3,353	20,798	24,151	(2,443)	21,708	16,083
Flagstaff, AZ	SpringHill Suites by Marriott	2008	1,398	9,352	4,852	1,398	14,204	15,602	(2,675)	12,927	- (3)
Ft. Collins, CO	Hampton Inn	2004	738	4,363	287	738	4,650	5,388	(1,424)	3,964	- (1)
Ft. Collins, CO	Hilton Garden Inn	2007	1,300	11,804	64	1,300	11,868	13,168	(3,475)	9,693	7,655
Ft. Myers, FL	Hyatt Place	2009	3,608	16,583	2	3,608	16,585	20,193	(2,555)	17,638	-
Ft. Smith, AR	AmericInn	2004	-	3,718	676	-	4,394	4,394	(1,173)	3,221	2,746 (3)
Ft. Smith, AR	Aspen Hotel	2004	223	3,189	546	223	3,735	3,958	(1,603)	2,355	1,507
Ft. Smith, AR	Hampton Inn	2005	-	12,401	882	-	13,283	13,283	(3,471)	9,812	8,299
Ft. Wayne, IN	Hampton Inn	2006	786	6,564	756	786	7,320	8,106	(2,009)	6,097	4,671 (3)
Ft. Wayne, IN	Residence Inn by Marriott	2006	914	6,736	711	914	7,447	8,361	(1,973)	6,388	- (1)
Ft. Worth, TX	Hampton Inn	2007	1,500	8,184	48	1,500	8,232	9,732	(2,115)	7,617	5,519
Ft. Worth, TX	Aspen Hotel	2004	553	2,698	1,007	553	3,705	4,258	(1,079)	3,179	-
Germantown, TN	Courtyard by Marriott	2005	1,860	5,448	1,360	1,860	6,808	8,668	(2,049)	6,619	6,561
Germantown, TN	Fairfield Inn by Marriott	2005	767	2,700	529	767	3,229	3,996	(998)	2,998	2,224
Germantown, TN	Residence Inn by Marriott	2005	1,083	5,200	763	1,083	5,963	7,046	(1,699)	5,347	3,402
Glendale, CO	Staybridge Suites	2011	2,100	7,900	719	2,100	8,619	10,719	(324)	10,395	- (1)
Jackson, MS	Courtyard by Marriott	2005	1,301	7,322	2,306	1,301	9,628	10,929	(1,947)	8,982	8,576
Jackson, MS	Staybridge Suites	2007	698	8,454	208	698	8,662	9,360	(1,564)	7,796	- (3)
Jacksonville, FL	Aloft	2009	1,700	15,775	10	1,700	15,785	17,485	(2,251)	15,234	- (2)
Lakewood, CO	Fairfield Inn by Marriott	2004	521	2,433	264	521	2,697	3,218	(919)	2,299	- (1)
Lakewood, CO	AmericInn	2004	547	2,416	412	547	2,828	3,375	(769)	2,606	- (1)
Las Colinas, TX	Hyatt Place	2007	781	5,729	1,709	781	7,438	8,219	(2,638)	5,581	- (2)
Las Colinas, TX	Holiday Inn Express	2007	912	6,689	1,599	898	8,302	9,200	(2,613)	6,587	-
Lewisville, TX	Fairfield Inn by Marriott	2004	465	2,954	482	465	3,436	3,901	(1,169)	2,732	2,152 (3)
Lithia Springs, GA	SpringHill Suites by Marriott	2004	480	3,572	618	480	4,190	4,670	(1,523)	3,147	- (4)
Little Rock, AR	SpringHill Suites by Marriott	2004	879	3,431	570	879	4,001	4,880	(1,475)	3,405	- (1)
Medford, OR	Hampton Inn	2004	1,230	4,788	476	1,230	5,264	6,494	(1,620)	4,874	- (1)
Memphis, TN	Courtyard by Marriott	2005	686	5,814	87	546	6,041	6,587	(1,798)	4,789	4,048
Missoula, MT	AmericInn	2004	690	2,672	294	690	2,966	3,656	(791)	2,865	1,945 (3)
Missoula, MT	Courtyard by Marriott	2005	650	5,785	138	650	5,923	6,573	(2,063)	4,510	4,734 (3)
Nashville, TN	SpringHill Suites by Marriott	2004	777	3,576	539	777	4,115	4,892	(1,526)	3,366	- (1)
Portland, OR	Hyatt Place	2009	-	16,713	5	-	16,718	16,718	(2,296)	14,422	6,334
Portland, OR	Residence Inn by Marriott	2009	-	16,409	1	-	16,410	16,410	(2,135)	14,275	12,557

Provo, UT	Hampton Inn	2004	909	2,862	596	909	3,458	4,367	(946)	3,421	-	(1)
Ridgeland, MS	Homewood Suites	2011	1,314	6,036	125	1,314	6,161	7,475	(171)	7,304	-	(1)
Ridgeland, MS	Residence Inn by Marriott	2007	1,050	10,040	15	1,050	10,055	11,105	(2,770)	8,335	6,047	
Salina, KS	AmericInn	2004	984	1,650	374	984	2,024	3,008	(559)	2,449	-	(1)
Salina, KS	Fairfield Inn by Marriott	2004	499	1,744	243	499	1,987	2,486	(702)	1,784	-	(1)
San Antonio, TX	Country Inn & Suites	2008	2,497	12,833	383	2,497	13,216	15,713	(2,563)	13,150	10,860	(2)
Sandy, UT	Holiday Inn Express	2004	720	1,768	996	720	2,764	3,484	(1,210)	2,274	2,400	(3)
Scottsdale, AZ	Courtyard by Marriott	2004	3,225	10,152	2,784	3,225	12,936	16,161	(3,009)	13,152	8,154	
Scottsdale, AZ	SpringHill Suites by Marriott	2004	2,195	7,120	2,364	2,195	9,608	11,803	(2,114)	9,689	5,043	
Spokane, WA	Fairfield Inn by Marriott	2004	1,637	3,669	2,302	1,637	5,971	7,608	(1,321)	6,287	-	(1)
Twin Falls, ID	AmericInn	2004	822	7,473	1,128	822	8,601	9,423	(2,530)	6,893	-	(1)
Twin Falls, ID	Holiday Inn Express	2009	1,212	7,464	7	1,212	7,471	8,683	(1,460)	7,223	5,700	
Twin Falls, ID	Hampton Inn	2004	710	3,482	90	710	3,572	4,282	(1,325)	2,957	-	(1)
Vernon Hills, IL	Holiday Inn Express	2005	1,198	6,099	1,137	1,198	7,236	8,434	(2,086)	6,348	4,649	(3)
Land Parcels			19,911	-	384	20,295	-	20,295	-	20,295	-	
			$ 97,066	$ 492,729	$ 54,205	$ 97,141	$ 548,198	$646,339	$ (126,168)	$ 519,171	$205,677	
											11,427	(1)
											$217,104	

(1) Property is collateral for the Company's secured revolving credit facility.
(2) In addition to the DoubleTree in Baton Rouge LA, SpringHill Suites in Denver CO and Country Inn & Suites in San Antonio TX; the Fairfield Inn in Boise ID, Aloft in Jacksonville FL and Hyatt Place in Las Colinas TX are additional collateral for the GE Capital Corp loans.
(3) In addition to the eight original properties, the SpringHill Suites in Flagstaff AZ and Staybridge Suites in Jackson MS are additional collateral for the ING Investment loan.
(4) In addition to the Holiday Inn in Boise ID; the Springhill Suites in Lithia Springs GA is additional collateral for the MetaBank loan.

SUMMIT HOTEL PROPERTIES, INC./SUMMIT HOTEL OP, LP
Notes to Schedule III - Real Estate and Accumulated Depreciation
As of December 31, 2011

	ASSET BASIS	**Total**
(a)	**Balance at January 1, 2009**	$ 521,255,330
	Additions to land, buildings and improvements	67,841,533
	Disposition of land, buildings and improvements	(6,989,153)
	Impairment loss	(7,505,836)
	Balance at December 31, 2009	$ 574,601,874
	Additions to land, buildings and improvements	2,769,879
	Disposition of land, buildings and improvements	(88,790)
	Impairment loss	(6,475,684)
	Balance at December 31, 2010	$ 570,807,279
	Additions to land, buildings and improvements	79,901,100
	Disposition of land, buildings and improvements	(5,369,383)
	Balance at December 31, 2011	$ 645,338,996

	ACCUMULATED DEPRECIATION	**Total**
(b)	**Balance at January 1, 2009**	$ 59,361,060
	Depreciation for the period ended December 31, 2009	21,902,729
	Depreciation on assets sold or disposed	(1,655,836)
	Balance at December 31, 2009	$ 79,607,953
	Depreciation for the period ended December 31, 2010	25,234,526
	Depreciation on assets sold or disposed	(45,977)
	Balance at December 31, 2010	$ 104,796,502
	Depreciation for the period ended December 31, 2011	26,740,666
	Depreciation on assets sold or disposed	(5,369,383)
	Balance at December 31, 2011	$ 126,167,785

(c) The aggregate cost of land, buildings, furniture and equipment for Federal income tax purposes is aproximately $629 million.

(d) Depreciation is computed based upon the following useful lives:
Buildings and improvements 27-40 years
Furniture and equipment 2-15 years

(e) The Company has mortgages payable on the properties as noted. Additional mortgage information can be found in Note 11 to the consoldiated financial statements.

(f) The negative balance for costs capitalized subsequent to acquisition could include out-parcels sold, disposal of assets, and impairment loss that was recorded.

Exhibit 3.1

SUMMIT HOTEL PROPERTIES, INC.

ARTICLES OF AMENDMENT AND RESTATEMENT

FIRST : Summit Hotel Properties, Inc., a Maryland corporation, desires to amend and restate its charter as currently in effect and as hereinafter amended.

SECOND : The provisions of the charter of Summit Hotel Properties, Inc., which are now in effect and as amended hereby in accordance with the Maryland General Corporation Law, are as follows:

ARTICLE I

INCORPORATION

Christopher R. Eng, whose address is c/o The Summit Group, Inc., 2701 South Minnesota Avenue, Suite 6, Sioux Falls, South Dakota 57105, being at least 18 years of age, formed a corporation under the general laws of the State of Maryland on June 30, 2010.

ARTICLE II

NAME

The name of the corporation is Summit Hotel Properties, Inc. (the "Corporation").

ARTICLE III

PURPOSE

The purposes for which the Corporation is formed are to engage in any lawful act or activity (including, without limitation or obligation, engaging in business as a REIT (as hereinafter defined) under the Internal Revenue Code of 1986, as amended, or any successor statute (the "Code")) for which corporations may be organized under the general laws of the State of Maryland as now or hereafter in force. For purposes of the charter of the Corporation (the "Charter"), "REIT" means a real estate investment trust under Sections 856 through 860 of the Code.

ARTICLE IV

PRINCIPAL OFFICE IN MARYLAND AND RESIDENT AGENT

The address of the principal office of the Corporation in the State of Maryland is c/o The Corporation Trust Incorporated, 351 West Camden Street, Baltimore, Maryland 21201. The name and address of the resident agent of the Corporation in the State of Maryland are The Corporation Trust Incorporated, 351 West Camden Street, Baltimore, Maryland 21201. The resident agent is a Maryland corporation.

ARTICLE V

PROVISIONS FOR DEFINING, LIMITING AND REGULATING CERTAIN POWERS OF THE CORPORATION AND OF THE STOCKHOLDERS AND DIRECTORS

Section 5.1 Number of Directors . The business and affairs of the Corporation shall be managed under the direction of the board of directors of the Corporation (the "Board of Directors"). The number of directors of the Corporation initially shall be two, which number may be increased or decreased only by the Board of Directors pursuant to the Bylaws of the Corporation (the "Bylaws"), but shall never be less than the minimum number required by the Maryland General Corporation Law, or any successor statute (the "MGCL"). The names of the directors who shall serve until their successors are duly elected and qualify are:

Kerry W. Boekelheide

Daniel P. Hansen

The directors may increase the number of directors and may fill any vacancy, whether resulting from an increase in the number of directors or otherwise, on the Board of Directors in the manner provided in the Bylaws.

The Corporation elects, at such time as it becomes eligible to make the election provided for under Section 3-804(c) of the MGCL, that, except as may be provided by the Board of Directors in setting the terms of any class or series of Preferred Stock (as defined in Section 6.1), any and all vacancies on the Board of Directors may be filled only by the affirmative vote of a majority of the remaining directors in office, even if the remaining directors do not constitute a quorum, and any director elected to fill a vacancy shall serve for the remainder of the full term of the directorship in which such vacancy occurred and until his or her successor is duly elected and qualifies.

Section 5.2 Extraordinary Actions . Except as specifically provided in Section 5.8 (relating to removal of directors) and in the last sentence of Article VIII, notwithstanding any provision of law permitting or requiring any action to be taken or approved by the affirmative vote of the holders of shares entitled to cast a greater number of votes, any such action shall be effective and valid if declared advisable by the Board of Directors and taken or approved by the affirmative vote of holders of shares entitled to cast a majority of all the votes entitled to be cast on the matter.

Section 5.3 Authorization by Board of Stock Issuance . The Board of Directors may authorize the issuance from time to time of shares of stock of the Corporation of any class or series, whether now or hereafter authorized, or securities or rights convertible into shares of its stock of any class or series, whether now or hereafter authorized, for such consideration as the Board of Directors may deem advisable (or without consideration in the case of a stock split or stock dividend), subject to such restrictions or limitations, if any, as may be set forth in the Charter or the Bylaws.

Section 5.4 Preemptive Rights and Appraisal Rights . Except as may be provided by the Board of Directors in setting the terms of classified or reclassified shares of stock pursuant to Section 6.4 or as may otherwise be provided by a contract approved by the Board of Directors, no holder of shares of stock of the Corporation shall, as such holder, have any preemptive right to purchase or subscribe for any additional shares of stock of the Corporation or any other security of the Corporation which it may issue or sell. Holders of shares of stock shall not be entitled to exercise any rights of an objecting stockholder provided for under Title 3, Subtitle 2 of the MGCL.

Section 5.5 Indemnification . (a) The Corporation shall have the power, to the maximum extent permitted by Maryland law in effect from time to time, to obligate itself to indemnify, and to pay or reimburse reasonable expenses in advance of final disposition of a proceeding without requiring a preliminary determination of the ultimate entitlement to indemnification to, (i) any individual who is a present or former director or officer of the Corporation or (ii) any individual who, while a director or officer of the Corporation and at the request of the Corporation, serves or has served as a director, officer, partner, trustee, member or manager of another corporation, REIT, partnership, joint venture, trust, limited liability company, employee benefit plan or any other enterprise from and against any claim or liability to which such person may become subject or which such person may incur by reason of his or her service in any of the foregoing capacities. The Corporation shall have the power, with the approval of the Board of Directors, to provide such indemnification and advancement of expenses to a person who served a predecessor of the Corporation in any of the capacities described in (i) or (ii) above and to any employee or agent of the Corporation or a predecessor of the Corporation.

(b) The Corporation may, to the fullest extent permitted by law, purchase and maintain insurance on behalf of any person described in the preceding paragraph against any liability which may be asserted against such person.

(c) The indemnification provided herein shall not be deemed to limit the right of the Corporation to indemnify any other person for any such expenses to the maximum extent permitted by law, nor shall it be deemed exclusive of any other rights to which any person seeking indemnification from the Corporation may be entitled under any agreement, vote of stockholders or disinterested directors, or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office.

Section 5.6 Determinations by Board . The determination as to any of the following matters, made in good faith by or pursuant to the direction of the Board of Directors consistent with the Charter, shall be final and conclusive and shall be binding upon the Corporation and every holder of shares of its stock: the amount of the net income of the Corporation for any period and the amount of assets at any time legally available for the payment of dividends, redemption of its stock or the payment of other distributions on its stock; the amount of paid-in surplus, net assets, other surplus, annual or other net profit, cash flow, funds from operations, net assets in excess of capital, undivided profits or excess of profits over losses on sales of assets; the amount, purpose, time of creation, increase or decrease, alteration or cancellation of any reserves or charges and the propriety thereof (whether or not any obligation or liability for which such reserves or charges shall have been created shall have been paid or discharged); any interpretation of the terms, preferences, conversion or other rights, voting powers or rights, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption of any class or series of stock of the Corporation; the fair value, or any sale, bid or asked price to be applied in determining the fair value, of any asset owned or held by the Corporation or of any shares of stock of the Corporation; the number of shares of stock of any class or series of the Corporation; any matter relating to the acquisition, holding and disposition of any assets by the Corporation; or any other matter relating to the business and affairs of the Corporation or required or permitted by applicable law, the Charter or Bylaws or otherwise to be determined by the Board of Directors.

Section 5.7 REIT Qualification . The Board of Directors, without any action by the stockholders of the Corporation, shall have the authority to cause the Corporation to elect to qualify for federal income tax treatment as a REIT. Following such election, if the Board of Directors determines that it is no longer in the best interests of the Corporation to continue to be qualified as a REIT, the Board of Directors, without any action by the stockholders of the Corporation, may revoke or otherwise terminate the Corporation's REIT election pursuant to Section 856(g) of the Code. In addition, the Board of Directors, without any action by the stockholders of the Corporation, shall have and may exercise, on behalf of the Corporation, without limitation, the power to determine that compliance with any restriction or limitation on stock ownership and transfers set forth in Article VII of the Charter is no longer required in order for the Corporation to qualify as a REIT.

Section 5.8 Removal of Directors . Subject to the rights of holders of one or more classes or series of Preferred Stock to elect or remove one or more directors, any director, or the entire Board of Directors, may be removed from office at any time, but only for cause, and then only by the affirmative vote of holders of shares entitled to cast at least two-thirds of all the votes entitled to be cast generally in the election of directors. For the purpose of this paragraph, "cause" shall mean, with respect to any particular director, conviction of a felony or a final judgment of a court of competent jurisdiction holding that such director caused demonstrable, material harm to the Corporation through bad faith or active and deliberate dishonesty.

Section 5.9 Advisor Agreements . The Board of Directors may authorize the execution and performance by the Corporation of one or more agreements with any person, corporation, association, company, trust, partnership (limited or general) or other organization whereby, subject to the supervision and control of the Board of Directors, any such other person, corporation, association, company, trust, partnership (limited or general) or other organization shall render or make available to the Corporation managerial, investment, advisory and/or related services, office space and other services and facilities (including, if deemed advisable by the Board of Directors, the management or supervision of the investments of the Corporation) upon such terms and conditions as may be provided in such agreement or agreements (including, if deemed fair and equitable by the Board of Directors, the compensation payable thereunder by the Corporation).

ARTICLE VI

STOCK

Section 6.1 Authorized Shares . The Corporation has authority to issue 600,000,000 shares of stock, consisting of 500,000,000 shares of Common Stock, $0.01 par value per share ("Common Stock"), and 100,000,000 shares of Preferred Stock, $0.01 par value per share ("Preferred Stock"). The aggregate par value of all authorized shares of stock having par value is $6,000,000. If shares of one class of stock are classified or reclassified into shares of another class of stock pursuant to Section 6.2, 6.3 or 6.4 of this Article VI, the number of authorized shares of the former class shall be automatically decreased and the number of shares of the latter class shall be automatically increased, in each case by the number of shares so classified or reclassified, so that the aggregate number of shares of stock of all classes that the Corporation has authority to issue shall not be more than the total number of shares of stock set forth in the first sentence of this paragraph. The Board of Directors, with the approval of a majority of the entire Board of Directors, and without any action by the stockholders of the Corporation, may amend the Charter from time to time to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that the Corporation has authority to issue.

Section 6.2 Common Stock . Subject to the provisions of Article VII and except as may otherwise be specified in the Charter, each share of Common Stock shall entitle the holder thereof to one vote. The Board of Directors may reclassify any unissued shares of Common Stock from time to time into one or more classes or series of stock.

Section 6.3 Preferred Stock . The Board of Directors may classify any unissued shares of Preferred Stock and reclassify any previously classified but unissued shares of Preferred Stock of any series from time to time, into one or more classes or series of stock.

Section 6.4 Classified or Reclassified Shares . Prior to issuance of classified or reclassified shares of any class or series, the Board of Directors by resolution shall: (a) designate that class or series to distinguish it from all other classes and series of stock of the Corporation; (b) specify the number of shares to be included in the class or series; (c) set or change, subject to the provisions of Article VII and subject to the express terms of any class or series of stock of the Corporation outstanding at the time, the preferences, conversion or other rights, voting powers, restrictions (including, without limitation, restrictions on transferability), limitations as to dividends or other distributions, qualifications and terms and conditions of redemption for each class or series; and (d) cause the Corporation to file articles supplementary with the State Department of Assessments and Taxation of Maryland ("SDAT"). Any of the terms of any class or series of stock set or changed pursuant to clause (c) of this Section 6.4 may be made dependent upon facts or events ascertainable outside the Charter (including determinations by the Board of Directors or other facts or events within the control of the Corporation) and may vary among holders thereof, provided that the manner in which such facts, events or variations shall operate upon the terms of such class or series of stock is clearly and expressly set forth in the articles supplementary or other Charter document.

Section 6.5 Charter and Bylaws . The rights of all stockholders and the terms of all stock are subject to the provisions of the Charter and the Bylaws.

ARTICLE VII

RESTRICTION ON TRANSFER AND OWNERSHIP OF SHARES

Section 7.1 Definitions . For the purpose of this Article VII, the following terms shall have the following meanings:

Beneficial Ownership . The term "Beneficial Ownership" shall mean ownership of Capital Stock by a Person, whether the interest in the shares of Capital Stock is held directly or indirectly (including by a nominee), and shall include interests that would be treated as owned through the application of Section 544 of the Code, as modified by Sections 856(h)(1)(B) and 856(h)(3)(A) of the Code. The terms "Beneficial Owner," "Beneficially Owns" and "Beneficially Owned" shall have the correlative meanings.

Business Day . The term "Business Day" shall mean any day, other than a Saturday or a Sunday that is neither a legal holiday nor a day on which banking institutions in the State of New York are authorized or required by law, regulation or executive order to close.

Capital Stock . The term “Capital Stock” shall mean all classes or series of stock of the Corporation, including, without limitation, Common Stock and Preferred Stock.

Charitable Beneficiary . The term “Charitable Beneficiary” shall mean one or more beneficiaries of the Charitable Trust as determined pursuant to Section 7.3.6, provided that each such organization must be described in Section 501(c)(3) of the Code and contributions to each such organization must be eligible for deduction under each of Sections 170(b)(1)(A), 2055 and 2522 of the Code.

Charitable Trust . The term “Charitable Trust” shall mean any trust provided for in Section 7.3.1.

Constructive Ownership . The term “Constructive Ownership” shall mean ownership of Capital Stock by a Person, whether the interest in the shares of Capital Stock is held directly or indirectly (including by a nominee), and shall include interests that would be treated as owned through the application of Section 318(a) of the Code, as modified by Section 856(d)(5) of the Code. The terms “Constructive Owner,” “Constructively Owns” and “Constructively Owned” shall have the correlative meanings.

Excepted Holder . The term “Excepted Holder” shall mean a Person for whom an Excepted Holder Limit is created by the Charter or by the Board of Directors pursuant to Section 7.2.7.

Excepted Holder Limit . The term “Excepted Holder Limit” shall mean, provided that the affected Excepted Holder agrees to comply with the requirements established by the Charter or by the Board of Directors pursuant to Section 7.2.7 and subject to adjustment pursuant to Section 7.2.8, the percentage limit established for an Excepted Holder by the Charter or by the Board of Directors pursuant to Section 7.2.7.

Initial Date . The term “Initial Date” shall mean the date of issuance of Common Stock pursuant to the initial underwritten public offering of Common Stock or such other date as determined by the Board of Directors in its sole and absolute discretion.

Market Price . The term “Market Price” on any date shall mean, with respect to any class or series of outstanding shares of Capital Stock, the Closing Price for such Capital Stock on such date. The “Closing Price” on any date shall mean the last reported sale price for such Capital Stock, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, for such Capital Stock, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the NYSE or, if such Capital Stock is not listed or admitted to trading on the NYSE, as reported on the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which such Capital Stock is listed or admitted to trading or, if such Capital Stock is not listed or admitted to trading on any national securities exchange, the last quoted price, or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the principal automated quotation system that may then be in use or, if such Capital Stock is not quoted by any such system, the average of the closing bid and asked prices as furnished by a professional market maker making a market in such Capital Stock selected by the Board of Directors or, in the event that no trading price is available for such Capital Stock, the fair market value of the Capital Stock, as determined in good faith by the Board of Directors.

NYSE . The term “NYSE” shall mean the New York Stock Exchange.

Person . The term "Person" shall mean an individual, corporation, partnership, limited liability company, estate, trust (including a trust qualified under Sections 401(a) or 501(c)(17) of the Code), a portion of a trust permanently set aside for or to be used exclusively for the purposes described in Section 642(c) of the Code, association, private foundation within the meaning of Section 509(a) of the Code, joint stock company or other entity and also includes a "group" as that term is used for purposes of Rule 13d-5(b) or Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, and a group to which an Excepted Holder Limit applies .

Prohibited Owner . The term "Prohibited Owner" shall mean, with respect to any purported Transfer (or other event), any Person who, but for the provisions of Section 7.2.1, would Beneficially Own or Constructively Own shares of Capital Stock in violation of the provisions of Section 7.2.1(a), and if appropriate in the context, shall also mean any Person who would have been the record owner of the shares of Capital Stock that the Prohibited Owner would have so owned.

Restriction Termination Date . The term "Restriction Termination Date" shall mean the first day after the Initial Date on which the Board of Directors determines pursuant to Section 5.7 of the Charter that it is no longer in the best interests of the Corporation to attempt to, or continue to, qualify as a REIT or that compliance with the restrictions and limitations on Beneficial Ownership, Constructive Ownership and Transfers of shares of Capital Stock set forth herein is no longer required in order for the Corporation to qualify as a REIT.

Stock Ownership Limit . The term "Stock Ownership Limit" shall mean nine and eight-tenths percent (9.8%) in value or in number of shares, whichever is more restrictive, of the outstanding shares of any class or series of Capital Stock of the Corporation excluding any outstanding shares of Capital Stock not treated as outstanding for federal income tax purposes, or such other percentage determined by the Board of Directors in accordance with Section 7.2.8 of the Charter.

TRS . The term "TRS" shall mean a taxable REIT subsidiary (as defined in Section 856(l) of the Code) of the Corporation.

Transfer . The term "Transfer" shall mean any issuance, sale, transfer, gift, assignment, devise or other disposition, as well as any other event that causes any Person to acquire or change such Person's percentage of Beneficial Ownership or Constructive Ownership, or any agreement to take any such actions or cause any such events, of Capital Stock or the right to vote or receive dividends on Capital Stock, including (a) the granting or exercise of any option (or any disposition of any option), (b) any disposition of any securities or rights convertible into or exchangeable for Capital Stock or any interest in Capital Stock or any exercise of any such conversion or exchange right, and (c) Transfers of interests in other entities that result in changes in Beneficial or Constructive Ownership of Capital Stock; in each case, whether voluntary or involuntary, whether owned of record, Constructively Owned or Beneficially Owned and whether by operation of law or otherwise. The terms "Transferring" and "Transferred" shall have the correlative meanings.

Trustee . The term "Trustee" shall mean the Person unaffiliated with the Corporation and a Prohibited Owner, that is appointed by the Corporation to serve as trustee of the Charitable Trust.

Section 7.2 Capital Stock .

Section 7.2.1 Ownership Limitations . During the period commencing on the Initial Date and prior to the Restriction Termination Date or as otherwise set forth below, and subject to Section 7.4:

(a) Basic Restrictions .

(i) Except as provided in Section 7.2.7 hereof, no Person, other than an Excepted Holder, shall Beneficially Own or Constructively Own shares of Capital Stock in excess of the Stock Ownership Limit. No Excepted Holder shall Beneficially Own or Constructively Own shares of Capital Stock in excess of the Excepted Holder Limit for such Excepted Holder.

(ii) Except as provided in Section 7.2.7 hereof, no Person shall Beneficially Own shares of Capital Stock to the extent that such Beneficial Ownership of Capital Stock would result in the Corporation being "closely held" within the meaning of Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year).

(iii) Except as provided in Section 7.2.7 hereof, any Transfer of shares of Capital Stock that, if effective, would result in the Capital Stock being Beneficially Owned by less than one hundred (100) Persons (determined under the principles of Section 856(a)(5) of the Code) shall be void ab initio , and the intended transferee shall acquire no rights in such Capital Stock.

(iv) Except as provided in Section 7.2.7 hereof, no Person shall Beneficially Own or Constructively Own shares of Capital Stock to the extent such Beneficial Ownership or Constructive Ownership would cause the Corporation to Constructively Own ten percent (10%) or more of the ownership interests in a tenant (other than a TRS) of the Corporation's real property within the meaning of Section 856(d)(2)(B) of the Code.

(v) No Person shall Beneficially Own or Constructively Own shares of Capital Stock to the extent that such Beneficial Ownership or Constructive Ownership would otherwise cause the Corporation to fail to qualify as a REIT under the Code, including, but not limited to, as a result of any "eligible independent contractor" (as defined in Section 856(d)(9)(A) of the Code) that operates a "qualified lodging facility" (as defined in Section 856(d)(9)(D)(i) of the Code) on behalf of a TRS failing to qualify as such.

(b) Transfer in Trust/Transfer Void Ab Initio . If any Transfer of shares of Capital Stock (or other event) occurs which, if effective, would result in any Person Beneficially Owning or Constructively Owning shares of Capital Stock in violation of Section 7.2.1(a)(i), (ii), (iv) or (v),

(i) then that number of shares of the Capital Stock the Beneficial or Constructive Ownership of which otherwise would cause such Person to violate Section 7.2.1(a)(i), (ii), (iv) or (v) (rounded up to the nearest whole share) shall be automatically transferred to a Charitable Trust for the benefit of a Charitable Beneficiary, as described in Section 7.3, effective as of the close of business on the Business Day prior to the date of such Transfer (or other event), and such Person shall acquire no rights in such shares of Capital Stock; or

(ii) if the transfer to the Charitable Trust described in clause (i) of this Section 7.2.1(b) would not be effective for any reason to prevent the violation of Section 7.2.1(a)(i), (ii), (iv) or (v), then the Transfer of that number of shares of Capital Stock that otherwise would cause any Person to violate Section 7.2.1(a)(i), (ii), (iv) or (v) shall be void ab initio , and the intended transferee shall acquire no rights in such shares of Capital Stock.

Section 7.2.2 Remedies for Breach . If the Board of Directors or any duly authorized committee thereof or other designees if permitted by the MGCL shall at any time determine in good faith that a Transfer or other event has taken place that results in a violation of Section 7.2.1 or that a Person intends to acquire or has attempted to acquire Beneficial or Constructive Ownership of any shares of Capital Stock in violation of Section 7.2.1 (whether or not such violation is intended), the Board of Directors or a committee thereof or other designees if permitted by the MGCL shall take such action as it deems advisable to refuse to give effect to or to prevent such Transfer or other event, including, without limitation, causing the Corporation to redeem shares of Capital Stock, refusing to give effect to such Transfer on the books of the Corporation or instituting proceedings to enjoin such Transfer or other event; provided , however , that any Transfer or attempted Transfer or other event in violation of Section 7.2.1 shall automatically result in the transfer to the Charitable Trust described above, or, where applicable, such Transfer (or other event) shall be void ab initio as provided above irrespective of any action (or non-action) by the Board of Directors or a committee thereof.

Section 7.2.3 Notice of Restricted Transfer . Any Person who acquires or attempts or intends to acquire Beneficial Ownership or Constructive Ownership of shares of Capital Stock that will or may violate Section 7.2.1(a) or any Person who would have owned shares of Capital Stock that resulted in a transfer to the Charitable Trust pursuant to the provisions of Section 7.2.1(b) shall immediately give written notice to the Corporation of such event or, in the case of such a proposed or attempted transaction, give at least fifteen (15) days prior written notice, and shall provide to the Corporation such other information as the Corporation may request in order to determine the effect, if any, of such Transfer on the Corporation's status as a REIT.

Section 7.2.4 Owners Required To Provide Information . From the Initial Date and prior to the Restriction Termination Date:

(a) Every owner of more than five percent (5%) (or such lower percentage as required by the Code or the Treasury Regulations promulgated thereunder) in number or value of the outstanding shares of Capital Stock, within thirty (30) days after the end of each taxable year, shall give written notice to the Corporation stating (i) the name and address of such owner, (ii) the number of shares of Capital Stock Beneficially Owned and (iii) a description of the manner in which such shares are held. Each such owner shall provide to the Corporation such additional information as the Corporation may request in order to determine the effect, if any, of such Beneficial Ownership on the Corporation's status as a REIT and to ensure compliance with the Stock Ownership Limit; and

(b) Each Person who is a Beneficial or Constructive Owner of Capital Stock and each Person (including the stockholder of record) who is holding Capital Stock for a Beneficial or Constructive Owner shall provide to the Corporation such information as the Corporation may request, in good faith, in order to determine the Corporation's status as a REIT and to comply with requirements of any taxing authority or governmental authority or to determine such compliance and to ensure compliance with the Stock Ownership Limit.

Section 7.2.5 Remedies Not Limited . Nothing contained in this Section 7.2 shall limit the authority of the Board of Directors to take such other action as it deems necessary or advisable to, subject to Section 5.7 of the Charter, protect the Corporation and the interests of its stockholders in preserving the Corporation's status as a REIT.

Section 7.2.6 Ambiguity . In the case of an ambiguity in the application of any of the provisions of this Article VII, including any definition contained in Section 7.1 of this Article VII, the Board of Directors shall have the power to determine the application of the provisions of this Article VII with respect to any situation based on the facts known to it at such time. In the event Section 7.2 or 7.3 requires an action by the Board of Directors and the Charter fails to provide specific guidance with respect to such action, the Board of Directors shall have the power to determine the action to be taken so long as such action is not contrary to the provisions of Sections 7.1, 7.2 or 7.3 . Absent a decision to the contrary by the Board of Directors (which the Board of Directors may make in its sole and absolute discretion), if a Person would have (but for the remedies set forth in Sections 7.2.1 and 7.2.2) acquired Beneficial or Constructive Ownership of Capital Stock in violation of Section 7.2.1, such remedies (as applicable) shall apply first to the shares of Capital Stock which, but for such remedies, would have been actually owned by such Person, and second to shares of Capital Stock which, but for such remedies, would have been Beneficially Owned or Constructively Owned (but not actually owned) by such Person, pro rata among the Persons who actually own such shares of Capital Stock based upon the relative number of the shares of Capital Stock held by each such Person.

Section 7.2.7 Exceptions .

(a) (i) The Board of Directors, in its sole discretion, may exempt (prospectively or retroactively) a Person from the restrictions contained in Section 7.2.1(a)(i), (ii), (iii) or (iv) as the case may be, and may establish or increase an Excepted Holder Limit for such Person if the Board of Directors obtains such representations, covenants and undertakings as the Board of Directors may deem appropriate in order to conclude that granting the exemption and/or establishing or increasing the Excepted Holder Limit, as the case may be, will not cause the Corporation to lose its status as a REIT.

(b) Prior to granting any exception pursuant to Section 7.2.7(a), the Board of Directors may require a ruling from the Internal Revenue Service or an opinion of counsel, in either case in form and substance satisfactory to the Board of Directors in its sole discretion, as it may deem necessary or advisable in order to determine that granting the exception will not cause the Corporation to lose its status as a REIT. Notwithstanding the receipt of any ruling or opinion, the Board of Directors may impose such conditions or restrictions as it deems appropriate in connection with granting such exception.

(c) Subject to Section 7.2.1(a)(ii), an underwriter, placement agent or initial purchaser that participates in a public offering, a private placement or other private offering of Capital Stock (or securities convertible into or exchangeable for Capital Stock) may Beneficially Own or Constructively Own shares of Capital Stock (or securities convertible into or exchangeable for Capital Stock) in excess of the Stock Ownership Limit, but only to the extent necessary to facilitate such public offering, private placement or immediate resale of such Capital Stock and provided that the restrictions contained in Section 7.2.1(a) will not be violated following the distribution by such underwriter, placement agent or initial purchaser of such shares of Capital Stock.

Section 7.2.8 Change in Stock Ownership Limit and Excepted Holder Limits . (a) The Board of Directors may from time to time increase or decrease the Stock Ownership Limit; provided , however , that a decreased Stock Ownership Limit will not be effective for any Person whose percentage ownership of Capital Stock is in excess of such decreased Stock Ownership Limit until such time as such Person's percentage of Capital Stock equals or falls below the decreased Stock Ownership Limit, but until such time as such Person's percentage of Capital Stock falls below such decreased Stock Ownership Limit, any further acquisition of Capital Stock will be in violation of the Stock Ownership Limit and, provided further, that the new Stock Ownership Limit would not allow five or fewer individuals (taking into account all Excepted Holders) to Beneficially Own more than 49.9% in value of the outstanding Capital Stock.

(b) The Board of Directors may only reduce the Excepted Holder Limit for an Excepted Holder: (1) with the written consent of such Excepted Holder at any time, or (2) pursuant to the terms and conditions of the agreements and undertakings entered into with such Excepted Holder in connection with the establishment of the Excepted Holder Limit for that Excepted Holder. No Excepted Holder Limit shall be reduced to a percentage that is less than the then Stock Ownership Limit.

Section 7.2.9 Legend . Each certificate, if any, for shares of Capital Stock shall bear a legend summarizing the restrictions on transfer and ownership contained herein. Instead of a legend, the certificate, if any, may state that the Corporation will furnish a full statement about certain restrictions on transferability to a stockholder on request and without charge.

Section 7.3 Transfer of Capital Stock in Trust .

Section 7.3.1 Ownership in Trust . Upon any purported Transfer or other event described in Section 7.2.1(b) that would result in a transfer of shares of Capital Stock to a Charitable Trust, such shares of Capital Stock shall be deemed to have been transferred to the Trustee as trustee for the exclusive benefit of one or more Charitable Beneficiaries. Such transfer to the Trustee shall be deemed to be effective as of the close of business on the Business Day prior to the purported Transfer or other event that results in the transfer to the Charitable Trust pursuant to Section 7.2.1(b). The Trustee shall be appointed by the Corporation and shall be a Person unaffiliated with the Corporation and any Prohibited Owner. Each Charitable Beneficiary shall be designated by the Corporation as provided in Section 7.3.6.

Section 7.3.2 Status of Shares Held by the Trustee . Shares of Capital Stock held by the Trustee shall continue to be issued and outstanding shares of Capital Stock of the Corporation. The Prohibited Owner shall have no rights in the Capital Stock held by the Trustee. The Prohibited Owner shall not benefit economically from ownership of any shares held in trust by the Trustee, shall have no rights to dividends or other distributions and shall not possess any rights to vote or other rights attributable to the shares held in the Charitable Trust. The Prohibited Owner shall have no claim, cause of action, or any other recourse whatsoever against the purported transferor of such Capital Stock.

Section 7.3.3 Dividend and Voting Rights . The Trustee shall have all voting rights and rights to dividends or other distributions with respect to shares of Capital Stock held in the Charitable Trust, which rights shall be exercised for the exclusive benefit of the Charitable Beneficiary. Any dividend or other distribution paid to a Prohibited Owner prior to the discovery by the Corporation that the shares of Capital Stock have been transferred to the Trustee shall be paid with respect to such shares of Capital Stock by the Prohibited Owner to the Trustee upon demand and any dividend or other distribution authorized but unpaid shall be paid when due to the Trustee. Any dividends or other distributions so paid over to the Trustee shall be held in trust for the Charitable Beneficiary. The Prohibited Owner shall have no voting rights with respect to shares held in the Charitable Trust and, subject to Maryland law, effective as of the date that the shares of Capital Stock have been transferred to the Charitable Trust, the Trustee shall have the authority (at the Trustee's sole discretion) (i) to rescind as void any vote cast by a Prohibited Owner prior to the discovery by the Corporation that the shares of Capital Stock have been transferred to the Trustee and (ii) to recast such vote in accordance with the desires of the Trustee acting for the benefit of the Charitable Beneficiary; provided , however , that if the Corporation has already taken irreversible corporate action, then the Trustee shall not have the authority to rescind and recast such vote. Notwithstanding the provisions of this Article VII, until the Corporation has received notification that shares of Capital Stock have been transferred into a Charitable Trust, the Corporation shall be entitled to rely on its share transfer and other stockholder records for purposes of preparing lists of stockholders entitled to vote at meetings, determining the validity and authority of proxies and otherwise conducting votes of stockholders.

Section 7.3.4 Sale of Shares by Trustee . Within twenty (20) days of receiving notice from the Corporation that shares of Capital Stock have been transferred to the Charitable Trust, the Trustee of the Charitable Trust shall sell the shares held in the Charitable Trust to a person, designated by the Trustee, whose ownership of the shares will not violate the ownership limitations set forth in Section 7.2.1 (a). Upon such sale, the interest of the Charitable Beneficiary in the shares sold shall terminate and the Trustee shall distribute the net proceeds of the sale to the Prohibited Owner and to the Charitable Beneficiary as provided in this Section 7.3.4. The Prohibited Owner shall receive the lesser of (1) the price paid by the Prohibited Owner for the shares or, if the Prohibited Owner did not give value for the shares in connection with the event causing the shares to be held in the Charitable Trust (*e.g.* , in the case of a gift, devise or other such transaction), the Market Price of the shares on the day of the event causing the shares to be held in the Charitable Trust and (2) the price per share received by the Trustee (net of any commissions and other expenses of sale) from the sale or other disposition of the shares held in the Charitable Trust. The Trustee may reduce the amount payable to the Prohibited Owner by the amount of dividends and other distributions paid to the Prohibited Owner and owed by the Prohibited Owner to the Trustee pursuant to Section 7.3.3 of this Article VII. Any net sales proceeds in excess of the amount payable to the Prohibited Owner shall be immediately paid to the Charitable Beneficiary. If, prior to the discovery by the Corporation that shares of Capital Stock have been transferred to the Trustee, such shares are sold by a Prohibited Owner, then (i) such shares shall be deemed to have been sold on behalf of the Charitable Trust and (ii) to the extent that the Prohibited Owner received an amount for such shares that exceeds the amount that such Prohibited Owner was entitled to receive pursuant to this Section 7.3.4, such excess shall be paid to the Trustee upon demand.

Section 7.3.5 Purchase Right in Stock Transferred to the Trustee . Shares of Capital Stock transferred to the Trustee shall be deemed to have been offered for sale to the Corporation, or its designee, at a price per share equal to the lesser of (i) the price per share in the transaction that resulted in such transfer to the Charitable Trust (or, in the case of a devise or gift, the Market Price at the time of such devise or gift) and (ii) the Market Price on the date the Corporation, or its designee, accepts such offer. The Corporation may reduce the amount payable to the Prohibited Owner by the amount of dividends and other distributions paid to the Prohibited Owner and owed by the Prohibited Owner to the Trustee pursuant to Section 7.3.3 of this Article VII. The Corporation may pay the amount of such reduction to the Trustee for the benefit of the Charitable Beneficiary. The Corporation shall have the right to accept such offer until the Trustee has sold the shares held in the Charitable Trust pursuant to Section 7.3.4. Upon such a sale to the Corporation, the interest of the Charitable Beneficiary in the shares sold shall terminate and the Trustee shall distribute the net proceeds of the sale to the Prohibited Owner and any dividends or other distributions held by the Trustee shall be paid to the Charitable Beneficiary.

Section 7.3.6 Designation of Charitable Beneficiaries . By written notice to the Trustee, the Corporation shall designate one or more nonprofit organizations to be the Charitable Beneficiary of the interest in the Charitable Trust such that (i) the shares of Capital Stock held in the Charitable Trust would not violate the restrictions set forth in Section 7.2.1(a) in the hands of such Charitable Beneficiary and (ii) each such organization must be described in Section 501(c)(3) of the Code and contributions to each such organization must be eligible for deduction under one of Sections 170(b)(1)(A), 2055 and 2522 of the Code. Neither the failure of the Corporation to make such designation nor the failure of the Corporation to appoint the Trustee before the automatic transfer provided for in Section 7.2.1(b)(i) shall make such transfer ineffective, provided that the Corporation thereafter makes such designation and appointment.

Section 7.4 NYSE Transactions. Nothing in this Article VII shall preclude the settlement of any transaction entered into through the facilities of the NYSE or any other national securities exchange or automated inter-dealer quotation system. The fact that the settlement of any transaction occurs shall not negate the effect of any other provision of this Article VII and any transferee in such a transaction shall be subject to all of the provisions and limitations set forth in this Article VII.

Section 7.5 Enforcement. The Corporation is authorized specifically to seek equitable relief, including injunctive relief, to enforce the provisions of this Article VII.

Section 7.6 Non-Waiver. No delay or failure on the part of the Corporation or the Board of Directors in exercising any right hereunder shall operate as a waiver of any right of the Corporation or the Board of Directors, as the case may be, except to the extent specifically waived in writing.

Section 7.7 Severability. If any provision of this Article VII or any application of any such provision is determined to be invalid by any federal or state court having jurisdiction over the issues, the validity of the remaining provisions shall not be affected and other applications of such provisions shall be affected only to the extent necessary to comply with the determination of such court.

ARTICLE VIII

AMENDMENTS

The Corporation reserves the right from time to time to make any amendment to the Charter, now or hereafter authorized by law, including any amendment altering the terms or contract rights, as expressly set forth in the Charter, of any shares of outstanding stock. All rights and powers conferred by the Charter on stockholders, directors and officers are granted subject to this reservation. Except as otherwise provided in the Charter and except for those amendments permitted to be made without stockholder approval under Maryland law or by specific provision in the Charter, any amendment to the Charter shall be valid only if declared advisable by the Board of Directors and approved by the affirmative vote of holders of shares entitled to cast a majority of all the votes entitled to be cast on the matter. However, any amendment to Section 5.8 and Article VII or to this sentence of the Charter shall be valid only if declared advisable by the Board of Directors and approved by the affirmative vote of holders of shares entitled to cast at least two-thirds of all the votes entitled to be cast on the matter.

ARTICLE IX

LIMITATION OF LIABILITY

To the maximum extent that Maryland law in effect from time to time permits limitation of the liability of directors and officers of a corporation, no present or former director or officer of the Corporation shall be liable to the Corporation or its stockholders for money damages. Neither the amendment nor repeal of this Article IX, nor the adoption or amendment of any other provision of the Charter or Bylaws inconsistent with this Article IX, shall apply to or affect in any respect the applicability of the preceding sentence with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption.

THIRD : The amendment to and restatement of the Charter as hereinabove set forth have been duly advised by the Board of Directors and approved by the sole stockholder of the Corporation as required by law.

FOURTH : The current address of the principal office of the Corporation is as set forth in Article IV of the foregoing amendment and restatement of the Charter.

FIFTH : The name and address of the Corporation's current resident agent are as set forth in Article IV of the foregoing amendment and restatement of the Charter.

SIXTH : The number of directors of the Corporation and the names of those currently in office are as set forth in Article V of the foregoing amendment and restatement of the Charter.

SEVENTH : The total number of shares of stock which the Corporation had authority to issue immediately prior to this amendment and restatement was 1,000 shares, consisting of 1,000 shares of Common Stock, $0.01 par value per share. The aggregate par value of all shares of stock having par value was $10.00.

EIGHTH : The total number of shares of stock which the Corporation has authority to issue pursuant to the foregoing amendment and restatement of the Charter is 600,000,000, consisting of 500,000,000 shares of Common Stock, $0.01 par value per share, and 100,000,000 shares of Preferred Stock, $0.01 par value per share. The aggregate par value of all authorized shares of stock having par value is $6,000,000.

NINTH : The undersigned Executive Chairman of the Board of Directors acknowledges these Articles of Amendment and Restatement to be the corporate act of the Corporation and, as to all matters or facts required to be verified under oath, the undersigned Executive Chairman of the Board of Directors acknowledges that, to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Corporation has caused these Articles of Amendment and Restatement to be signed in its name and on its behalf by its Chairman of the Board and attested to by its Secretary on this 3rd day of February, 2011.

ATTEST:

/s/ Christopher R. Eng
Christopher R. Eng
Vice President, General Counsel and Secretary

SUMMIT HOTEL PROPERTIES, INC.

By: /s/ Kerry W. Boekelheide (SEAL)
Kerry W. Boekelheide
Executive Chairman of the Board

SUMMIT HOTEL PROPERTIES, INC.

ARTICLES SUPPLEMENTARY

9.25% SERIES A CUMULATIVE REDEEMABLE PREFERRED STOCK

Summit Hotel Properties, Inc., a Maryland corporation (the " Corporation "), hereby certifies to the State Department of Assessments and Taxation of Maryland (the " SDAT ") that:

FIRST: Pursuant to authority expressly vested in the Board of Directors of the Corporation (the " Board ") by Article VI of the Articles of Amendment and Restatement of the Corporation (which, as amended and supplemented from time to time, together with these Articles Supplementary, is referred to herein as the " Charter ") and Section 2-208 of the Maryland General Corporation Law, the Board has duly classified and designated 2,300,000 authorized but unissued shares of preferred stock, $0.01 par value per share, of the Corporation (" Preferred Stock ") as "9.25% Series A Cumulative Redeemable Preferred Stock," with such preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption as appear below, which, upon any restatement of the Charter, shall become a part of Article VI of the Charter, with any appropriate renumbering or relettering of the sections or subsections thereof.

SECOND: Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Charter.

9.25% Series A Cumulative Redeemable Preferred Stock

1. Designation and Number . A series of Preferred Stock, designated the "9.25% Series A Cumulative Redeemable Preferred Stock" (the " Series A Preferred Stock ") is hereby established. The par value of the Series A Preferred Stock shall be $0.01 per share. The number of authorized shares of Series A Preferred Stock shall be 2,300,000.

2. Rank . The Series A Preferred Stock will, with respect to distribution rights and rights upon liquidation, dissolution or winding up of the Corporation, rank: (a) senior to all classes or series of common stock, $0.01 par value per share, of the Corporation (the " Common Stock ") and any class or series of capital stock of the Corporation expressly designated as ranking junior to the Series A Preferred Stock as to distribution rights and rights upon liquidation, dissolution or winding up of the Corporation (collectively, " Junior Stock "); (b) on a parity with any class or series of capital stock of the Corporation expressly designated as ranking on a parity with the Series A Preferred Stock as to distribution rights and rights upon liquidation, dissolution or winding up of the Corporation (" Parity Stock "); and (c) junior to any class or series of capital stock of the Corporation expressly designated as ranking senior to the Series A Preferred Stock as to distribution rights and rights upon liquidation, dissolution or winding up of the Corporation. The term " capital stock " does not include convertible or exchangeable debt securities of the Corporation, which will rank senior to the Series A Preferred Stock prior to conversion or exchange. The Series A Preferred Stock will also rank junior in right of payment to the Corporation's other existing and future indebtedness.

3. Distributions .

(a) Subject to the preferential rights of holders of any class or series of capital stock of the Corporation expressly designated as ranking senior to the Series A Preferred Stock as to distributions, the holders of Series A Preferred Stock shall be entitled to receive, when, as and if authorized by the Board and declared by the Corporation, out of funds legally available for the payment of distributions, cumulative cash distributions at the rate of 9.25% per annum of the $25.00 liquidation preference per share of Series A Preferred Stock (equivalent to a fixed annual amount of $2.3125 per share of Series A Preferred Stock). Distributions on the Series A Preferred Stock shall accrue and be cumulative from (but excluding) the original date of issuance of any shares of Series A Preferred Stock and shall be payable quarterly in equal amounts in arrears on or about the last day of each February, May, August and November of each year, beginning on November 30, 2011 (each such day being hereinafter called a " Distribution Payment Date "); *provided, however,* if any Distribution Payment Date is not a Business Day, then the distribution which would otherwise have been payable on such Distribution Payment Date may be paid on the next succeeding Business Day with the same force and effect as if paid on such Distribution Payment Date, and no interest or additional distributions or other sums shall accrue on the amount so payable from such Distribution Payment Date to such next succeeding Business Day. The amount of any distribution payable on the Series A Preferred Stock for any partial distribution period shall be prorated and computed on the basis of a 360-day year consisting of twelve 30-day months. Distributions shall be payable to holders of record as they appear in the stock records of the Corporation at the close of business on the applicable record date, which shall be the first day of the calendar month in which the applicable Distribution Payment Date falls or such other date designated by the Board for the payment of distributions that is not more than 90 nor less than ten days prior to such Distribution Payment Date (each, a " Distribution Record Date ").

(b) No distributions on the Series A Preferred Stock shall be authorized by the Board or declared, paid or set apart for payment by the Corporation at such time as the terms and provisions of any agreement of the Corporation, including any agreement relating to its indebtedness, prohibits such declaration, payment or setting apart for payment or provides that such authorization, declaration, payment or setting apart for payment would constitute a breach thereof, or a default thereunder, or if such declaration or payment shall be restricted or prohibited by law.

(c) Notwithstanding anything to the contrary contained herein, distributions on the Series A Preferred Stock shall accrue whether or not the restrictions referred to in Section 3(b) exist, whether or not the Corporation has earnings, whether or not there are funds legally available for the payment of such distributions and whether or not such distributions are authorized or declared.

(d) Except as provided in Section 3(e) below, no distributions shall be declared and paid or set apart for payment, and no other distribution of cash or other property may be declared and made, directly or indirectly, on or with respect to, shares of any class or series of Parity Stock or Junior Stock (other than a distribution paid in shares of, or options, warrants or rights to subscribe for or purchase shares of, Junior Stock) for any period, nor shall shares of any class or series of Parity Stock or Junior Stock be redeemed, purchased or otherwise acquired for any consideration (other than a redemption, purchase or acquisition of Common Stock made for purposes of and in compliance with requirements of any incentive, benefit or stock purchase plan of the Corporation or any subsidiary thereof, or as permitted under Article VII of the Charter), nor shall any funds be paid or made available for a sinking fund for the redemption of any such shares by the Corporation, directly or indirectly (except by conversion into or exchange for shares of, or options, warrants or rights to purchase or subscribe for shares of, Junior Stock, and except for purchases or exchanges pursuant to a purchase or exchange offer made on the same terms to all holders of Series A Preferred Stock and all holders of shares of Parity Stock), unless full cumulative distributions on the Series A Preferred Stock for all past distribution periods shall have been or contemporaneously are declared and paid or declared and sum sufficient for the payment thereof is set apart for such payment.

(e) When distributions are not paid in full (or a sum sufficient for such full payment is not so set apart) on the Series A Preferred Stock and any shares of Parity Stock, all distributions declared on the Series A Preferred Stock and any other shares of Parity Stock shall be declared *pro rata* so that the amount of distributions declared per share of Series A Preferred Stock and per share of Parity Stock shall in all cases bear to each other the same ratio that accrued distributions per share of Series A Preferred Stock and per share of Parity Stock (which shall not include any accrual in respect of unpaid distributions on any shares of Parity Stock for prior distribution periods if such Parity Stock does not have a cumulative distribution) bear to each other. No interest, or sum of money in lieu of interest, shall be payable in respect of any distribution payment or payments on the Series A Preferred Stock which may be in arrears.

(f) If, for any taxable year, the Corporation elects to designate as "capital gain dividends" (as defined in Section 857 of the Internal Revenue Code of 1986, as amended) any portion (the " Capital Gains Amount ") of the dividends (as determined for federal income tax purposes) paid or made available for the year to holders of all classes of shares (the " Total Dividends "), then the portion of the Capital Gains Amount that shall be allocable to the holders of Series A Preferred Stock shall be the amount that the total dividends (as determined for federal income tax purposes) paid or made available to the holders of the Series A Preferred Stock for the year bears to the Total Dividends. The Corporation may elect to retain and pay income tax on its net long-term capital gains. In such a case, the holders of Series A Preferred Stock would include in income their appropriate share of the Corporation's undistributed long-term capital gains, as designated by the Corporation.

(g) Holders of Series A Preferred Stock shall not be entitled to any distribution, whether payable in cash, property or shares of capital stock of the Corporation, in excess of full cumulative distributions on the Series A Preferred Stock as described above. Any distribution payment made on the Series A Preferred Stock shall first be credited against the earliest accrued but unpaid distributions due with respect to such shares which remains payable. Accrued but unpaid distributions on the Series A Preferred Stock will accumulate as of the Distribution Payment Date on which they first become payable or on the date of redemption, as the case may be.

(h) For the avoidance of doubt, in determining whether a distribution (other than upon voluntary or involuntary liquidation), by distribution, redemption or other acquisition of the Corporation's equity securities is permitted under Maryland law, no effect shall be given to amounts that would be needed, if the Corporation were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of stockholders whose preferential rights on dissolution are superior to those receiving the distribution.

4. Liquidation Preference .

(a) In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, before any distribution or payment shall be made to the holders of shares of any Junior Stock, the holders of shares of Series A Preferred Stock then outstanding shall be entitled to be paid, or have the Corporation declare and set apart for payment, out of the assets of the Corporation legally available for distribution to its stockholders, after payment or provision for payment of all debts and other liabilities of the Corporation, a liquidation preference in cash or property at fair market value, as determined by the Board, of $25.00 per share, plus an amount equal to any accrued and unpaid distributions to, but not including, the date of payment or the date the amount for payment is set apart (the " Liquidating Distributions ").

(b) If, upon any such voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the available assets of the Corporation are insufficient to pay the full amount of the Liquidating Distributions on all outstanding shares of Series A Preferred Stock and the corresponding amounts payable on all outstanding shares of Parity Stock, then the holders of shares of Series A Preferred Stock and the holders of such shares of Parity Stock shall share ratably in any such distribution of assets in proportion to the full Liquidating Distributions to which they would otherwise be respectively entitled.

(c) Written notice of the effective date of any such voluntary or involuntary liquidation, dissolution or winding up of the Corporation, stating the payment date or dates when, and the place or places where, the amounts distributable in such circumstances shall be payable, shall be given by first class mail, postage prepaid, no fewer than 30 nor more than 60 days prior to the payment date stated therein, to each record holder of shares of Series A Preferred Stock at the address of such holder as the same shall appear on the stock transfer records of the Corporation.

(d) After payment of the full amount of the Liquidating Distributions to which they are entitled, the holders of shares of Series A Preferred Stock will have no right or claim to any of the remaining assets of the Corporation.

(e) For the avoidance of doubt, the consolidation or merger of the Corporation with or into another entity, the merger of another entity with or into the Corporation, a statutory share exchange by the Corporation or the sale, lease, transfer or conveyance of all or substantially all of the assets or business of the Corporation shall not be considered a liquidation, dissolution or winding up of the Corporation.

5. Optional Redemption

(a) The Series A Preferred Stock is not redeemable prior to October 28, 2016, except as permitted by Article VII of the Charter and as otherwise provided in this Section 5 and Section 6 below. On and after October 28, 2016, the Corporation, at its option, upon not less than 30 nor more than 60 days' written notice, may redeem the Series A Preferred Stock, in whole or from time to time in part, for cash, at a redemption price of $25.00 per share, plus any accrued and unpaid distributions on such shares of Series A Preferred Stock to, but not including, the redemption date (the " Regular Redemption Right "). If fewer than all of the outstanding shares of Series A Preferred Stock are to be redeemed pursuant to the Regular Redemption Right, the shares to be redeemed may be selected *pro rata* (as nearly as practicable without creating fractional shares) or by lot or in such other equitable method determined by the Corporation. If such redemption is to be by lot and, as a result of such redemption, any holder of shares of Series A Preferred Stock would become a holder of a number of shares of Series A Preferred Stock in excess of the Stock Ownership Limit because such holder's shares of Series A Preferred Stock were not redeemed, or were only redeemed in part then, except as otherwise provided in Article VII of the Charter, the Corporation will redeem the requisite number of shares of Series A Preferred Stock of such holder such that no holder will hold a number of shares in excess of the Stock Ownership Limit subsequent to such redemption.

(b) To ensure that the Corporation remains qualified as a REIT for federal income tax purposes, the Series A Preferred Stock shall be subject to the provisions of Article VII of the Charter, pursuant to which shares of Series A Preferred Stock owned by a stockholder in excess of the Stock Ownership Limit shall automatically be transferred to a Charitable Trust and the Corporation shall have the right to purchase such shares, as provided in Article VII of the Charter. If the Corporation calls for redemption any shares of Series A Preferred Stock pursuant to and in accordance with Article VII of the Charter and this Section 5(b), then the redemption price will be an amount equal to $25.00 per share, plus any accrued and unpaid distributions on the Series A Preferred Stock to, but not including, the redemption date, subject to any restrictions or limitations contained in Article VII of the Charter.

(c) Unless full cumulative distributions on all shares of Series A Preferred Stock shall have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for payment for all past distribution periods, (i) no shares of Series A Preferred Stock shall be redeemed unless all outstanding shares of Series A Preferred Stock are simultaneously redeemed, and (ii) the Corporation shall not purchase or otherwise acquire directly or indirectly for any consideration, nor shall any monies be paid to or be made available for a sinking fund for the redemption of, any shares of Series A Preferred Stock (except by conversion into or exchange for shares of, or options, warrants or rights to purchase or subscribe for shares of, Junior Stock); *provided, however* , that the foregoing shall not prevent the redemption or purchase by the Corporation of shares of Series A Preferred Stock pursuant to Article VII of the Charter or otherwise in order to ensure that the Corporation remains qualified as a REIT for federal income tax purposes or the purchase or acquisition of shares of Series A Preferred Stock pursuant to a purchase or exchange offer made on the same terms to all holders of Series A Preferred Stock.

(d) Immediately prior to any redemption of shares of Series A Preferred Stock pursuant to the Regular Redemption Right, the Corporation shall pay, in cash, any accrued and unpaid distributions on the Series A Preferred Stock to, but not including, the redemption date, unless a redemption date falls after a Distribution Record Date and prior to the corresponding Distribution Payment Date, in which case each holder of record of Series A Preferred Stock at the close of business on such Distribution Record Date shall be entitled to the distribution payable on such shares on the corresponding Distribution Payment Date (including any accrued and unpaid distributions for prior distribution periods) notwithstanding the redemption of such shares before such Distribution Payment Date. Except as provided above and in Section 6(e), the Corporation will make no payment or allowance for unpaid distributions, whether or not in arrears, on shares of Series A Preferred Stock for which a notice of redemption has been given.

(e) The following procedures apply to the redemption of the Series A Preferred Stock pursuant to the Regular Redemption Right:

(i) Notice of redemption pursuant to the Regular Redemption Right will be (A) given by publication in a newspaper of general circulation in the City of New York, such publication to be made once a week for two successive weeks commencing not less than 30 nor more than 60 days prior to the redemption date, and (B) mailed by the Corporation, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date, addressed to the respective holders of record of the Series A Preferred Stock to be redeemed at their respective addresses as they appear on the stock transfer records of the Corporation. A failure to give such notice or any defect thereto or in the mailing thereof shall not affect the validity of the proceedings for the redemption of any shares of Series A Preferred Stock except as to the holder to whom notice was defective or not given.

(ii) In addition to any information required by law or by the applicable rules of any exchange upon which the Series A Preferred Stock may be listed or admitted to trading, such notice shall state: (A) the redemption date; (B) the redemption price; (C) the number of shares of Series A Preferred Stock to be redeemed; (D) the place or places where the certificates, if any, representing the shares of Series A Preferred Stock to be redeemed are to be surrendered for payment of the redemption price; (E) the procedures for surrendering non-certificated shares of Series A Preferred Stock for payment of the redemption price; (F) that distributions on shares of Series A Preferred Stock to be redeemed will cease to accrue on such redemption date; and (G) that the holders of shares of Series A Preferred Stock to which such notice relates will not be able to tender such shares of Series A Preferred Stock for conversion in connection with the Change of Control (as defined in Section 6(b) below) and each share of Series A Preferred Stock tendered for conversion that is selected, prior to the Change of Control Conversion Date (as defined in Section 9(a) below), for redemption will be redeemed on the related redemption date instead of converted on the Change of Control Conversion Date. If less than all of the shares of Series A Preferred Stock held by any holder are to be redeemed pursuant to the Regular Redemption Right, the notice mailed to such holder shall also specify the number of shares of Series A Preferred Stock held by such holder to be so redeemed.

(iii) If notice of redemption pursuant to the Regular Redemption Right of any shares of Series A Preferred Stock has been given and if the funds necessary for such redemption have been set apart by the Corporation for the benefit of the holders of any shares of Series A Preferred Stock so called for redemption, then from and after the redemption date distributions will cease to accrue on such shares of Series A Preferred Stock, such shares of Series A Preferred Stock shall no longer be deemed outstanding and all rights of the holders of such shares of Series A Preferred Stock will terminate, except the right to receive the redemption price and any accrued and unpaid distributions to, but not including, the redemption date; *provided, however,* if the redemption date falls after a Distribution Record Date and prior to the corresponding Distribution Payment Date, each holder of shares of Series A Preferred Stock so called for redemption at the close of business on such Distribution Record Date shall be entitled to the distribution payable on such shares on the corresponding Distribution Payment Date notwithstanding the redemption of such shares before such Distribution Payment Date.

(iv) Holders of shares of Series A Preferred Stock to be redeemed pursuant to the Regular Redemption Right shall surrender such shares at the place or places designated in such notice and, upon surrender of the certificates, if any, for such shares of Series A Preferred Stock (properly endorsed or assigned for transfer, if the Corporation shall so require and the notice shall so state), such shares of Series A Preferred Stock shall be redeemed by the Corporation at the redemption price plus any accrued and unpaid distributions payable upon such redemption. In case less than all shares of Series A Preferred Stock represented by any such certificate are redeemed, a new certificate or certificates shall be issued representing the unredeemed shares of Series A Preferred Stock without cost to the holder thereof. Notwithstanding the foregoing, if the shares of Series A Preferred Stock to be redeemed are held in book-entry form through the facilities of The Depository Trust Company (" DTC "), holders of shares of Series A Preferred Stock to be redeemed shall comply with applicable procedures of DTC in connection with surrendering their shares for payment of the redemption price.

(f) Subject to applicable law and the limitation on purchases when distributions on the Series A Preferred Stock are in arrears, the Corporation may, at any time and from time to time, purchase any shares of Series A Preferred Stock in the open market, by tender or by private agreement.

(g) Any shares of Series A Preferred Stock that shall at any time have been redeemed pursuant to the Regular Redemption Right or otherwise acquired shall, after such redemption or acquisition, have the status of authorized but unissued shares of Preferred Stock, without designation as to series until such shares are once more classified and designated as part of a particular series by the Board.

6. Special Optional Redemption .

(a) Upon the occurrence of a Change of Control (as defined below), the Corporation, at its option, upon not less than 30 nor more than 60 days' written notice, may redeem the shares of Series A Preferred Stock, in whole or in part, within 120 days after the first date on which such Change of Control occurred, for cash at a redemption price equal to $25.00 per share, plus any accrued and unpaid distributions to, but not including, the redemption date (" Special Optional Redemption Right ").

(b) A " Change of Control " is when, after the original issuance of the Series A Preferred Stock, the following have occurred and are continuing:

(i) the acquisition by any person, including any syndicate or group deemed to be a "person" under Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the " Exchange Act "), of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of purchases, mergers or other acquisition transactions of capital stock of the Corporation entitling that person to exercise more than 50% of the total voting power of all capital stock of the Corporation entitled to vote generally in elections of directors (except that such person will be deemed to have beneficial ownership of all capital stock of the Corporation that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition); and

(ii) following the closing of any transaction referred to in (i) above, neither the Corporation nor the acquiring or surviving entity has a class of common securities (or American Depositary Receipts representing such securities) listed on the New York Stock Exchange (the " NYSE "), the NYSE Amex Equities (the " NYSE Amex "), or the NASDAQ Stock Market (" NASDAQ "), or listed or quoted on an exchange or quotation system that is a successor to the NYSE, the NYSE Amex or NASDAQ.

(c) If fewer than all of the outstanding shares of Series A Preferred Stock are to be redeemed pursuant to the Special Optional Redemption Right, the shares to be redeemed may be selected *pro rata* (as nearly as practicable without creating fractional shares) or by lot or in such other equitable method determined by the Corporation. If such redemption is to be by lot and, as a result of such redemption, any holder of shares of Series A Preferred Stock would become a holder of a number of shares of Series A Preferred Stock in excess of the Stock Ownership Limit because such holder's shares of Series A Preferred Stock were not redeemed, or were only redeemed in part then, except as otherwise provided in Article VII of the Charter, the Corporation will redeem the requisite number of shares of Series A Preferred Stock of such holder such that no holder will hold a number of shares in excess of the Stock Ownership Limit subsequent to such redemption.

(d) Unless full cumulative distributions on all shares of Series A Preferred Stock shall have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for payment for all past distribution periods, (i) no shares of Series A Preferred Stock shall be redeemed pursuant to the Special Option Redemption Right unless all outstanding shares of Series A Preferred Stock are simultaneously redeemed, and (ii) the Corporation shall not purchase or otherwise acquire directly or indirectly for any consideration, nor shall any monies be paid to or be made available for a sinking fund for the redemption of, any shares of Series A Preferred Stock (except by conversion into or exchange for shares of, or options, warrants or rights to purchase or subscribe for shares of, Junior Stock); *provided, however* , that the foregoing shall not prevent the redemption or purchase by the Corporation of shares of Series A Preferred Stock pursuant to Article VII of the Charter or otherwise in order to ensure that the Corporation remains qualified as a REIT for federal income tax purposes or the purchase or acquisition of shares of Series A Preferred Stock pursuant to a purchase or exchange offer made on the same terms to all holders of Series A Preferred Stock.

(e) Immediately prior to any redemption of shares of Series A Preferred Stock pursuant to the Special Optional Redemption Right, the Corporation shall pay, in cash, any accrued and unpaid distributions on the Series A Preferred Stock to, but not including, the redemption date, unless a redemption date falls after a Distribution Record Date and prior to the corresponding Distribution Payment Date, in which case each holder of Series A Preferred Stock at the close of business on such Distribution Record Date shall be entitled to the distribution payable on such shares on the corresponding Distribution Payment Date (including any accrued and unpaid distributions for prior distribution periods) notwithstanding the redemption of such shares before such Distribution Payment Date. Except as provided above, the Corporation will make no payment or allowance for unpaid distributions, whether or not in arrears, on shares of Series A Preferred Stock for which a notice of redemption has been given.

(f) The following procedures apply to the redemption of the Series A Preferred Stock pursuant to the Special Optional Redemption Right:

(i) Notice of redemption pursuant to the Special Optional Redemption Right will be (A) given by publication in a newspaper of general circulation in the City of New York, such publication to be made once a week for two successive weeks commencing not less than 30 nor more than 60 days prior to the redemption date, and (B) mailed by the Corporation, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date, addressed to the respective holders of record of the Series A Preferred Stock to be redeemed at their respective addresses as they appear on the stock transfer records of the Corporation. A failure to give such notice or any defect thereto or in the mailing thereof shall not affect the validity of the proceedings for the redemption of any shares of Series A Preferred Stock except as to the holder to whom notice was defective or not given.

(ii) In addition to any information required by law or by the applicable rules of any exchange upon which the Series A Preferred Stock may be listed or admitted to trading, such notice shall state: (A) the redemption date; (B) the redemption price; (C) the number of shares of Series A Preferred Stock to be redeemed; (D) the place or places where the certificates, if any, representing the shares of Series A Preferred Stock to be redeemed are to be surrendered for payment of the redemption price; (E) the procedures for surrendering non-certificated shares of Series A Preferred Stock for payment of the redemption price; (F) that the shares of Series A Preferred Stock are being redeemed pursuant to the Special Optional Redemption Right in connection with the occurrence of a Change of Control and a brief description of the transaction or transactions constituting such Change of Control; (G) that the holders of shares of Series A Preferred Stock to which such notice relates will not be able to tender such shares of Series A Preferred Stock for conversion in connection with the Change of Control and each share of Series A Preferred Stock tendered for conversion that is selected, prior to the Change of Control Conversion Date, for redemption will be redeemed on the related redemption date instead of converted on the Change of Control Conversion Date; and (H) that distributions on shares of Series A Preferred Stock to be redeemed will cease to accrue on such redemption date. If less than all of the shares of Series A Preferred Stock held by any holder are to be redeemed pursuant to the Special Optional Redemption Right, the notice mailed to such holder shall also specify the number of shares of Series A Preferred Stock held by such holder to be redeemed.

(iii) If notice of redemption pursuant to the Special Optional Redemption Right of any shares of Series A Preferred Stock has been given and if the funds necessary for such redemption have been set aside by the Corporation for the benefit of the holders of any shares of Series A Preferred Stock so called for redemption, then from and after the redemption date distributions will cease to accrue on such shares of Series A Preferred Stock, such shares of Series A Preferred Stock shall no longer be deemed outstanding and all rights of the holders of such shares of Series A Preferred Stock will terminate, except the right to receive the redemption price and any accrued and unpaid distributions to, but not including, the redemption date; *provided, however,* if the redemption date falls after a Distribution Record Date and prior to the corresponding Distribution Payment Date, each holder of shares of Series A Preferred Stock so called for redemption at the close of business on such Distribution Record Date shall be entitled to the distribution payable on such shares on the corresponding Distribution Payment Date notwithstanding the redemption of such shares before such Distribution Payment Date.

(iv) Holders of shares of Series A Preferred Stock to be redeemed pursuant to the Special Optional Redemption Right shall surrender such shares at the place or places designated in such notice and, upon surrender of the certificates, if any, for such shares of Series A Preferred Stock (properly endorsed or assigned for transfer, if the Corporation shall so require and the notice shall so state), such shares of Series A Preferred Stock shall be redeemed by the Corporation at the redemption price plus any accrued and unpaid distributions payable upon such redemption. In case less than all shares of Series A Preferred Stock represented by any such certificate are redeemed, a new certificate or certificates shall be issued representing the unredeemed shares of Series A Preferred Stock without cost to the holder thereof. Notwithstanding the foregoing, if the shares of Series A Preferred Stock to be redeemed are held in book-entry form through the facilities of DTC, holders of shares of Series A Preferred Stock to be redeemed shall comply with applicable procedures of DTC in connection with surrendering their shares for payment of the redemption price.

(g) Any shares of Series A Preferred Stock that shall at any time have been redeemed pursuant to the Special Optional Redemption Right or otherwise acquired shall, after such redemption or acquisition, have the status of authorized but unissued shares of Preferred Stock, without designation as to series until such shares are once more classified and designated as part of a particular series by the Board.

7. Voting Rights .

(a) Holders of Series A Preferred Stock will not have any voting rights, except as set forth below.

(b) Whenever distributions on any Series A Preferred Stock shall be in arrears for six or more quarterly periods, whether or not consecutive (a " Preferred Distribution Default "), the number of directors then constituting the Board shall be increased by two and the holders of Series A Preferred Stock (voting as a single class together with the holders of any other class or series of shares of Parity Stock upon which like voting rights have been conferred and are exercisable (" Voting Parity Stock ")) shall be entitled to vote for the election of a total of two additional directors of the Corporation (each, a " Preferred Stock Director ") at a special meeting of stockholders called by the holders of at least 33% of the outstanding shares of Series A Preferred Stock (or the holders of at least 33% of the outstanding shares of Voting Parity Stock) if such request is received 90 or more days before the date fixed for the next annual meeting of stockholders, or, if the request is received less than 90 days before the next annual meeting of stockholders, at the next annual meeting of stockholders, or at the Corporation's sole discretion, a separate special meeting of stockholders to be held no later than 90 days after the Corporation's receipt of such request, and thereafter at each subsequent annual meeting of stockholders until all accumulated distributions on the shares of Series A Preferred Stock for the past distribution periods and the then-current distribution period shall have been fully paid or declared and a sum sufficient for the payment thereof set apart for payment in full. The Preferred Stock Directors shall be elected by a plurality of the votes cast by the holders of the outstanding shares of Series A Preferred Stock when they have the voting rights set forth in this Section 7(b) (voting together as a single class with the holders of any outstanding shares of Voting Parity Stock) in the election to serve until the next annual meeting of stockholders and until their successors are duly elected and qualified or until such directors' right to hold the office terminates as described below, whichever occurs earlier.

(c) If and when all accrued distributions for past distribution periods and the distribution for the then-current distribution period on the Series A Preferred Stock shall have been paid in full or declared and a sum sufficient for the payment thereof set apart for payment in full, the holders of Series A Preferred Stock shall immediately be divested of the voting rights set forth in Section 7(b) (subject to revesting in the event of each and every Preferred Distribution Default) and, if all accumulated distributions for past distribution periods and the distribution for the then-current distribution period have been paid in full or declared and a sum sufficient for the payment thereof set apart for payment in full on all outstanding shares of Voting Parity Stock, the term of office of each Preferred Stock Director so elected shall immediately terminate and the number of directors shall be reduced accordingly. Any Preferred Stock Director may be removed at any time, but only for Cause, by the vote of, and shall not be removed otherwise than by the vote of, the holders of at least two-thirds of the outstanding shares of Series A Preferred Stock when they have the voting rights set forth in Section 7(b) and the holders of any outstanding shares of Voting Parity Stock (voting together as a single class). So long as a Preferred Distribution Default shall continue, any vacancy in the office of a Preferred Stock Director may be filled by written consent of the Preferred Stock Director remaining in office, or if none remains in office, by a vote of the holders of the outstanding shares of Series A Preferred Stock when they have the voting rights set forth in Section 7(b) and the holders of any outstanding shares of Voting Parity Stock (voting together as a single class). The Preferred Stock Directors shall each be entitled to one vote per director on any matter.

(d) So long as any shares of Series A Preferred Stock remain outstanding, the Corporation shall not:

(i) authorize or create, or increase the authorized or issued amount of, any class or series of shares of capital stock of the Corporation expressly designated ranking senior to the Series A Preferred Stock with respect to payment of dividends or the distribution of assets upon voluntary or involuntary liquidation, dissolution or winding up of the Corporation, or reclassify any authorized shares of capital stock of the Corporation into any such shares, or create, authorize or issue any obligation or security convertible into or evidencing the right to purchase any such equity securities, without the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series A Preferred Stock and the holders of any outstanding shares of Voting Parity Stock (voting together as a single class); or

(ii) amend, alter or repeal the provisions of the Charter, whether by merger or consolidation (in either case, an "Event") or otherwise, so as to materially and adversely affect any right, preference, privilege or voting powers of the Series A Preferred Stock or the holders thereof, without the affirmative vote of the holders of at least two-thirds of the holders of the outstanding shares of Series A Preferred Stock (voting as a separate class); *provided, however* , that with respect to the occurrence of any Event set forth above, so long as shares of Series A Preferred Stock remain outstanding with the terms thereof materially unchanged or the holders of shares of Series A Preferred Stock receive shares of, or options, warrants or rights to purchase or subscribe for shares of, capital stock with rights, preferences, privileges and voting powers substantially similar, taken as a whole, to the rights, preferences, privileges and voting powers of the Series A Preferred Stock, the occurrence of any such Event shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers of the Series A Preferred Stock or the holders thereof; and *provided further* that any increase in the amount of the authorized shares of Series A Preferred Stock or the creation or issuance, or increase in the amounts authorized, of any other class or series of Parity Stock or Junior Stock shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers.

(e) In any matter in which the holders of Series A Preferred Stock are entitled to vote separately as a single class, each such holder shall have the right to one vote for each share of Series A Preferred Stock held by such holder. If the holders of shares of Series A Preferred Stock and the holders of shares of any other class or series of Voting Parity Stock are entitled to vote together as a single class on any matter, such holders shall each have one vote for each $25.00 of liquidation preference.

(f) The foregoing voting provisions shall not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of Series A Preferred Stock shall have been redeemed or called for redemption upon proper notice and sufficient funds shall have been deposited in trust to effect such redemption.

8. Information Rights . During any period in which the Corporation is not subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act and any shares of Series A Preferred Stock are outstanding, the Corporation will (i) transmit by mail or other permissible means under the Exchange Act to all holders of Series A Preferred Stock, as their names and addresses appear in the Corporation's record books and without cost to such holders, copies of the annual reports on Form 10-K and quarterly reports on Form 10-Q that the Corporation would have been required to file with the Securities and Exchange Commission (the " SEC "), pursuant to Section 13 or Section 15(d) of the Exchange Act if the Corporation were subject thereto (other than any exhibits that would have been required); and (ii) within 15 days following written request, supply copies of such reports to any prospective holder of Series A Preferred Stock. The Corporation will mail (or otherwise provide) the reports to the holders of Series A Preferred Stock within 15 days after the respective dates by which the Corporation would have been required to file such reports with the SEC if it were subject to Section 13 or 15(d) of the Exchange Act.

9. Conversion . Shares of Series A Preferred Stock are not convertible into or exchangeable for any other property or securities of the Corporation, except as provided in this Section 9.

(a) Upon the occurrence of a Change of Control, each holder of Series A Preferred Stock shall have the right, unless, prior to the Change of Control Conversion Date, the Corporation has provided or provides notice of its election to redeem the shares of Series A Preferred Stock pursuant to the Regular Redemption Right or Special Optional Redemption Right, to convert some or all of the shares of Series A Preferred Stock held by such holder (the " Change of Control Conversion Right ") on the Change of Control Conversion Date into a number shares of Common Stock, per share of Series A Preferred Stock to be converted (the " Common Stock Conversion Consideration ") equal to the lesser of (A) the quotient obtained by dividing (i) the sum of (x) the $25.00 liquidation preference plus (y) the amount of any accrued and unpaid distributions to, but not including, the Change of Control Conversion Date (unless the Change of Control Conversion Date is after a Distribution Record Date and prior to the corresponding Distribution Payment Date, in which case no additional amount for such accrued and unpaid distribution will be included in such sum) by (ii) the Common Stock Price (as defined below) and (B) 5.92417 (the " Share Cap "), subject to the immediately succeeding paragraph.

The Share Cap is subject to pro rata adjustments for any stock splits (including those effected pursuant to a Common Stock distribution), subdivisions or combinations (in each case, a " Stock Split ") with respect to shares of Common Stock as follows: the adjusted Share Cap as the result of a Stock Split shall be the number of shares of Common Stock that is equivalent to the product obtained by multiplying (i) the Share Cap in effect immediately prior to such Stock Split by (ii) a fraction, the numerator of which is the number of shares of Common Stock outstanding after giving effect to such Stock Split and the denominator of which is the number of shares of Common Stock outstanding immediately prior to such Stock Split.

For the avoidance of doubt, subject to the immediately succeeding sentence, the aggregate number of shares of Common Stock (or equivalent Alternative Conversion Consideration (as defined below), as applicable) issuable in connection with the exercise of the Change of Control Conversion Right shall not exceed 13,625,592 shares of Common Stock (or equivalent Alternative Conversion Consideration, as applicable), subject to increase on a *pro rata* basis if the Corporation issues additional shares of Series A Preferred Stock (the " Exchange Cap "). The Exchange Cap is subject to pro rata adjustments for any Stock Splits on the same basis as the corresponding adjustment to the Share Cap.

In the case of a Change of Control pursuant to which shares of Common Stock shall be converted into cash, securities or other property or assets (including any combination thereof) (the " Alternative Form Consideration "), a holder of shares of Series A Preferred Stock shall receive upon conversion of such shares of Series A Preferred Stock the kind and amount of Alternative Form Consideration which such holder of shares of Series A Preferred Stock would have owned or been entitled to receive upon the Change of Control had such holder of shares of Series A Preferred Stock held a number of shares of Common Stock equal to the Common Stock Conversion Consideration immediately prior to the effective time of the Change of Control (the " Alternative Conversion Consideratio n"; and the Common Stock Conversion Consideration or the Alternative Conversion Consideration, as may be applicable to a Change of Control, shall be referred to herein as the " Conversion Consideration ").

In the event that holders of Common Stock have the opportunity to elect the form of consideration to be received in the Change of Control, the consideration that the holders of Series A Preferred Stock shall receive shall be the form of consideration elected by the holders of Common Stock who participate in the determination (based on the weighted average of elections) and shall be subject to any limitations to which all holders of Common Stock are subject, including, without limitation, pro rata reductions applicable to any portion of the consideration payable in the Change of Control.

The " Change of Control Conversion Date " shall be a Business Day set forth in the notice of Change of Control provided in accordance with Section 9(c) below that is no less than 20 days nor more than 35 days after the date on which the Corporation provides such notice pursuant to Section 9(c).

The " Common Stock Price " shall be (i) the amount of cash consideration per share of Common Stock, if the consideration to be received in the Change of Control by holders of Common Stock is solely cash, and (ii) the average of the closing prices per share of Common Stock on the NYSE for the ten consecutive trading days immediately preceding, but not including, the effective date of the Change of Control, if the consideration to be received in the Change of Control by holders of Common Stock is other than solely cash.

(b) No fractional shares of Common Stock shall be issued upon the conversion of shares of Series A Preferred Stock. In lieu of fractional shares, holders shall be entitled to receive the cash value of such fractional shares based on the Common Stock Price.

(c) Within 15 days following the occurrence of a Change of Control, a notice of occurrence of the Change of Control, describing the resulting Change of Control Conversion Right, shall be delivered to the holders of record of Series A Preferred Stock at their addresses as they appear on the Corporation's stock transfer records and notice shall be provided to the Corporation's transfer agent. No failure to give such notice or any defect thereto or in the mailing thereof shall affect the validity of the proceedings for the conversion of any shares of Series A Preferred Stock except as to the holder to whom notice was defective or not given. Each notice shall state: (i) the events constituting the Change of Control; (ii) the date of the Change of Control; (iii) the last date on which the holders of shares of Series A Preferred Stock may exercise their Change of Control Conversion Right; (iv) the method and period for calculating the Common Stock Price; (v) the Change of Control Conversion Date, which shall be a Business Day occurring within 20 to 35 days following the date of such notice; (vi) that if, prior to the Change of Control Conversion Date, the Corporation has provided or provides notice of its election to redeem all or any portion of the shares of Series A Preferred Stock pursuant to the Regular Redemption Right or Special Optional Redemption Right, the holder will not be able to convert shares of Series A Preferred Stock and such shares of Series A Preferred Stock shall be redeemed on the related redemption date, even if they have already been tendered for conversion pursuant to the Change of Control Conversion Right; (vii) if applicable, the type and amount of Alternative Conversion Consideration entitled to be received per share of Series A Preferred Stock; (viii) the name and address of the paying agent and the conversion agent; and (ix) the procedures that the holders of Series A Preferred Stock must follow to exercise the Change of Control Conversion Right.

(d) The Corporation shall issue a press release for publication on the Dow Jones & Company, Inc., Business Wire, PR Newswire or Bloomberg Business News (or, if such organizations are not in existence at the time of issuance of such press release, such other news or press organization as is reasonably calculated to broadly disseminate the relevant information to the public), or post notice on the Corporation's website, in any event prior to the opening of business on the first Business Day following any date on which the Corporation provides notice pursuant to Section 9(c) above to the holders of Series A Preferred Stock.

(e) In order to exercise the Change of Control Conversion Right, a holder of Series A Preferred Stock shall be required to deliver, on or before the close of business on the Change of Control Conversion Date, the certificates evidencing the shares of Series A Preferred Stock, to the extent such shares are certificated, to be converted, duly endorsed for transfer, together with a written conversion notice completed, to the Corporation's transfer agent. Such notice shall state: (i) the relevant Change of Control Conversion Date; (ii) the number of shares of Series A Preferred Stock to be converted; and (iii) that the shares of Series A Preferred Stock are to be converted pursuant to the applicable terms of the shares of Series A Preferred Stock. Notwithstanding the foregoing, if the shares of Series A Preferred Stock are held in global form, such notice shall comply with applicable procedures of DTC.

(f) Holders of Series A Preferred Stock may withdraw any notice of exercise of a Change of Control Conversion Right (in whole or in part) by a written notice of withdrawal delivered to the Corporation's transfer agent prior to the close of business on the Business Day prior to the Change of Control Conversion Date. The notice of withdrawal must state: (i) the number of withdrawn shares of Series A Preferred Stock; (ii) if certificated shares of Series A Preferred Stock have been issued, the certificate numbers of the withdrawn shares of Series A Preferred Stock; and (iii) the number of shares of Series A Preferred Stock, if any, which remain subject to the conversion notice. Notwithstanding the foregoing, if the shares of Series A Preferred Stock are held in global form, the notice of withdrawal shall comply with applicable procedures of DTC.

(g) Shares of Series A Preferred Stock as to which the Change of Control Conversion Right has been properly exercised and for which the conversion notice has not been properly withdrawn shall be converted into the applicable Conversion Consideration in accordance with the Change of Control Conversion Right on the Change of Control Conversion Date, unless, prior to the Change of Control Conversion Date, the Corporation has provided or provides notice of its election to redeem such shares of Series A Preferred Stock, whether pursuant to its Regular Redemption Right or Special Optional Redemption Right. Holders of Series A Preferred Stock shall not have the right to convert any shares that the Corporation has elected to redeem prior to the Change of Control Conversion Date. Accordingly, if the Corporation has provided a redemption notice with respect to some of all of the Series A Preferred Stock, holders of any Series A Preferred Stock that the Corporation has called for redemption shall not be permitted to exercise their Change of Control Conversion right in respect of any of the shares that have been called for redemption, and such shares of Series A Preferred Stock shall not be so converted and the holders of such shares shall be entitled to receive on the applicable redemption date $25.00 per share, plus any accrued and unpaid distributions thereon to, but not including, the redemption date.

(h) The Corporation shall deliver the applicable Conversion Consideration no later than the third Business Day following the Change of Control Conversion Date.

(i) Notwithstanding anything to the contrary contained herein, no holder of shares of Series A Preferred Stock will be entitled to convert such shares of Series A Preferred Stock into shares of Common Stock to the extent that receipt of such shares of Common Stock would cause the holder of such shares of Common Stock (or any other person) to Beneficially Own or Constructively Own shares of Common Stock of the Corporation in excess of the Stock Ownership Limit, as such term is defined in the Charter, as applicable.

10. Application of Article VII . The Series A Preferred Stock is subject to the provisions of Article VII of the Charter.

THIRD: The Series A Preferred Stock has been classified and designated by the Board under the authority contained in the Charter.

FOURTH: These Articles Supplementary have been approved by the Board in the manner and by the vote required by law.

FIFTH: These Articles Supplementary shall be effective at the time the SDAT accepts these Articles Supplementary for record.

SIXTH: The undersigned Executive Vice President and Chief Operating Officer of the Corporation acknowledges these Articles Supplementary to be the act of the Corporation and, as to all matters or facts required to be verified under oath, the undersigned Executive Vice President and Chief Operating Officer acknowledges that to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

[Signature page follows.]

IN WITNESS WHEREOF, SUMMIT HOTEL PROPERTIES, INC. has caused these Articles Supplementary to be signed in its name and on its behalf by its Executive Vice President and Chief Operating Officer and witnessed by its Secretary on October 26, 2011.

WITNESS:

By: /s/ Christopher R. Eng
Name: Christopher R. Eng
Title: Secretary

SUMMIT HOTEL PROPERTIES, INC.

By: /s/ Stuart J. Becker
Name: Stuart J. Becker
Title: Executive Vice President and Chief Operating Officer

Exhibit 3.4

FIRST AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF SUMMIT HOTEL OP, LP

a Delaware limited partnership

dated as of February 14, 2011

TABLE OF CONTENTS

EXHIBITS

FIRST AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP
OF
SUMMIT HOTEL OP, LP

RECITALS

Summit Hotel OP, LP (the " **Partnership** ") was formed as a limited partnership under the laws of the State of Delaware, pursuant to a Certificate of Limited Partnership filed with the Secretary of State of the State of Delaware on June 30, 2010 and an Agreement of Limited Partnership entered into as of June 30, 2010 by Summit Hotel Properties, Inc., a Maryland corporation (" **Summit REIT** "), as the original general partner, and Summit REIT, as the original limited partner of the Partnership. On December 7, 2010, a Certificate of Amendment to the Certificate of Limited Partnership was filed with the Secretary of State of the State of Delaware to reflect the withdrawal of Summit REIT as the original general partner of the Partnership and the admission of Summit Hotel GP, LLC, a Delaware limited liability company, as the successor general partner of the Partnership effective as of November 30, 2010. This First Amended and Restated Agreement of Limited Partnership is entered into this 14 th day of February, 2011 among Summit Hotel GP, LLC (the " **General Partner** "), Summit REIT, as the original limited partner of the Partnership, and any additional Limited Partner that is admitted from time to time to the Partnership and listed on Exhibit A attached hereto.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, of mutual covenants between the parties hereto, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree to amend and restate the Agreement of Limited Partnership to read in its entirety as follows:

ARTICLE I
DEFINED TERMS

The following defined terms used in this Agreement shall have the meanings specified below:

" **Act** " means the Delaware Revised Uniform Limited Partnership Act, as it may be amended from time to time.

" **Additional Funds** " has the meaning set forth in Section 4.03 hereof.

" **Additional Securities** " means any: (1) shares of capital stock of Summit REIT now or hereafter authorized or reclassified that has dividend rights, or rights upon liquidation, winding up and dissolution, that are superior or prior to the REIT Shares (" **Preferred Shares** "), (2) REIT Shares, (3) shares of capital stock of Summit REIT now or hereafter authorized or reclassified that has dividend rights, or rights upon liquidation, winding up and dissolution, that are junior in rank to the REIT Shares (" **Junior Shares** ") and (4) (i) rights, options, warrants or convertible or exchangeable securities having the right to subscribe for or purchase REIT Shares, Preferred

Shares or Junior Shares, or (ii) indebtedness issued by Summit REIT that provides any of the rights described in clause (4)(i) of this definition (any such securities referred to in clause (4)(i) or (ii) of this definition, " **New Securities** ").

" **Adjustment Events** " has the meaning set forth in Section 4.04(a)(i) hereof.

" **Administrative Expenses** " means (i) all administrative and operating costs and expenses incurred by the Partnership, (ii) administrative costs and expenses of the General Partner and Summit REIT, including any salaries or other payments to directors, officers or employees of the General Partner and Summit REIT, and any accounting and legal expenses of the General Partner and Summit REIT, which expenses, the Partners hereby agree are expenses of the Partnership and not the General Partner or Summit REIT, and (iii) to the extent not included in clauses (i) or (ii) above, REIT Expenses; provided , however , that Administrative Expenses shall not include any administrative costs and expenses incurred by the General Partner or Summit REIT that are attributable to Properties or interests in a Subsidiary that are owned by the General Partner or Summit REIT other than through its ownership interest in the Partnership.

" **Affiliate** " means, (i) any Person that, directly or indirectly, controls or is controlled by or is under common control with such Person, (ii) any other Person that owns, beneficially, directly or indirectly, 10% or more of the outstanding capital stock, shares or equity interests of such Person, or (iii) any officer, director, employee, partner, member, manager or trustee of such Person or any Person controlling, controlled by or under common control with such Person. For the purposes of this definition, "control" (including the correlative meanings of the terms "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, through the ownership of voting securities or partnership interests, contract or otherwise.

" **Agreed Value** " means the fair market value of a Partner's non-cash Capital Contribution as of the date of contribution as agreed to by such Partner and the General Partner. The names and addresses of the Partners, number of Partnership Units issued to each Partner, and the Agreed Value of non-cash Capital Contributions as of the date of contribution is set forth on Exhibit A , as it may be amended or restated from time to time.

" **Agreement** " means this First Amended and Restated Agreement of Limited Partnership, as it may be amended, supplemented or restated from time to time.

" **Articles** " means the Articles of Amendment and Restatement of Summit REIT filed with the State Department and Assessments and Taxation of the State of Maryland, as amended, supplemented or restated from time to time.

" **Board of Directors** " means the Board of Directors of Summit REIT.

" **Capital Account** " has the meaning set forth in Section 4.06 hereof.

" **Capital Account Limitation** " has the meaning set forth in Section 4.05(b) hereof.

" **Capital Contribution** " means the total amount of cash, cash equivalents, and the Agreed Value of any Property or other asset contributed or agreed to be contributed, as the context requires, to the Partnership by each Partner pursuant to the terms of the Agreement. Any reference to the Capital Contribution of a Partner shall include the Capital Contribution made by a predecessor holder of the Partnership Interest of such Partner.

" **Cash Amount** " means an amount of cash per Common Unit equal to the Value of the REIT Shares Amount on the Specified Redemption Date.

" **Certificate** " means any instrument or document that is required under the laws of the State of Delaware, or any other jurisdiction in which the Partnership conducts business, to be signed and sworn to by the Partners of the Partnership (either by themselves or pursuant to the power-of-attorney granted to the General Partner in Section 8.02 hereof) and filed for recording in the appropriate public offices within the State of Delaware or such other jurisdiction to perfect or maintain the Partnership as a limited partnership, to effect the admission, withdrawal or substitution of any Partner of the Partnership, or to protect the limited liability of the Limited Partners as limited partners under the laws of the State of Delaware or such other jurisdiction.

" **Certificate of Formation** " means the Certificate of Formation of the General Partner filed with the Secretary of State of the State of Delaware, as amended or supplemented from time to time.

" **Change of Control** " means, as to either the General Partner or Summit REIT, the occurrence of any of the following: (i) the sale, lease or transfer, in one or a series of related transactions, of 80% or more of the assets of the General Partner or Summit REIT, taken as a whole, to any Person or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision), other than an Affiliate of the General Partner or Summit REIT; or (ii) the acquisition by any Person or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision), including any group acting for the purpose of acquiring, holding or disposing of securities (within the meaning of Rule 13d-5(b)(1) under the Exchange Act), other than an Affiliate of the General Partner or Summit REIT in a single transaction or in a related series of transactions, by way of merger, share exchange, consolidation or other business combination or purchase of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act, or any successor provision) of more than 50% of the total voting power of the membership interest of the General Partner or more than 50% of the total voting power of the voting capital stock of Summit REIT.

" **Code** " means the Internal Revenue Code of 1986, as amended, and as hereafter amended from time to time. Reference to any particular provision of the Code shall mean that provision in the Code at the date hereof and any successor provision of the Code.

" **Commission** " means the U.S. Securities and Exchange Commission.

" **Common Partnership Unit Distribution** " has the meaning set forth in Section 4.04(a)(ii) hereof.

" **Common Redemption Amount** " means either the Cash Amount or the REIT Shares Amount, as selected by Summit REIT pursuant to Section 8.04(b) hereof.

" **Common Unit** " means a Partnership Unit which is designated as a Common Unit of the Partnership.

" **Common Unit Economic Balance** " has the meaning set forth in Section 5.01(g) hereof.

" **Common Unit Redemption Right** " has the meaning set forth in Section 8.04(a) hereof.

" **Common Unit Transaction** " has the meaning set forth in Section 4.05(f) hereof.

" **Constituent Person** " has the meaning set forth in Section 4.05(f) hereof.

" **Conversion Date** " has the meaning set forth in Section 4.05(b) hereof.

" **Conversion Factor** " means a factor of 1.0, as adjusted as provided in this definition and in Section 6.08. The Conversion Factor will be adjusted in the event that Summit REIT (i) declares or pays a dividend on its outstanding REIT Shares in REIT Shares or makes a distribution to all holders of its outstanding REIT Shares in REIT Shares, (ii) subdivides its outstanding REIT Shares or (iii) combines its outstanding REIT Shares into a smaller number of REIT Shares. In each of such events, the Conversion Factor shall be adjusted by multiplying the Conversion Factor by a fraction, the numerator of which shall be the number of REIT Shares issued and outstanding on the record date for such dividend, distribution, subdivision or combination (assuming for such purposes that such dividend, distribution, subdivision or combination has occurred as of such time), and the denominator of which shall be the actual number of REIT Shares (determined without the above assumption) issued and outstanding on such date and, provided further , that in the event that an entity other than an Affiliate of Summit REIT shall become General Partner pursuant to any merger, consolidation or combination of the General Partner or Summit REIT with or into another entity (the " **Successor Entity** "), the Conversion Factor shall be adjusted by multiplying the Conversion Factor by the number of shares of the Successor Entity into which one REIT Share is converted pursuant to such merger, consolidation or combination, determined as of the date of such merger, consolidation or combination. Any adjustment to the Conversion Factor shall become effective immediately after the effective date of such event retroactive to the record date, if any, for such event. If, however, the General Partner receives a Notice of Redemption after the record date, if any, but prior to the effective date of such event, the Conversion Factor shall be determined as if the General Partner had received the Notice of Redemption immediately prior to the record date for event.

" **Conversion Notice** " has the meaning set forth in Section 4.05(b) hereof.

" **Conversion Right** " has the meaning set forth in Section 4.05(a) hereof.

" **Defaulting Limited Partner** " means a Limited Partner that has failed to pay any amount owed to the Partnership under a Partnership Loan within 15 days after demand for payment thereof is made by the Partnership.

" **Distributable Amount** " has the meaning set forth in Section 5.02(d) hereof.

" **Economic Capital Account Balances** " has the meaning set forth in Section 5.01(g) hereof.

“ **Equity Incentive Plan** ” means any equity incentive or compensation plan hereafter adopted by the Partnership or Summit REIT, including, without limitation, Summit REIT’s 2011 Equity Incentive Plan.

“ **Event of Bankruptcy** ” as to any Person means (i) the filing of a petition for relief as to such Person as debtor or bankrupt under the Bankruptcy Code of 1978, as amended, or similar provision of law of any jurisdiction (except if such petition is contested by such Person and has been dismissed within 90 days); (ii) the insolvency or bankruptcy of such Person as finally determined by a court proceeding; (iii) the filing by such Person of a petition or application to accomplish the same or for the appointment of a receiver or a trustee for such Person or a substantial part of his assets; or (iv) the commencement of any proceedings relating to such Person as a debtor under any other reorganization, arrangement, insolvency, adjustment of debt or liquidation law of any jurisdiction, whether now in existence or hereinafter in effect, either by such Person or by another, provided that if such proceeding is commenced by another, such Person indicates his approval of such proceeding, consents thereto or acquiesces therein, or such proceeding is contested by such Person and has not been finally dismissed within 90 days.

“ **Excepted Holder Limit** ” has the meaning set forth in the Articles.

“ **Exchange Act** ” means the Securities Exchange Act of 1934, as amended.

“ **Forced Conversion** ” has the meaning set forth in Section 4.05(c) hereof.

“ **Forced Conversion Notice** ” has the meaning set forth in Section 4.05(c) hereof.

“ **General Partner** ” means Summit Hotel GP, LLC and any person who becomes a substitute or additional General Partner as provided herein, and any of their successors as General Partner.

“ **General Partner Loan** ” means a loan extended by the General Partner to a Defaulting Limited Partner in the form of a payment on a Partnership Loan by the General Partner to the Partnership on behalf of the Defaulting Limited Partner.

“ **General Partnership Interest** ” means the Partnership Interest held by the General Partner in its capacity as the general partner of the Partnership, which Partnership Interest is an interest as a general partner under the Act. The General Partnership Interest will be a number of Common Units held by the General Partner equal to one-tenth of one percent (0.1%) of all outstanding Partnership Units. All other Partnership Units owned by the General Partner and any Partnership Units owned by any Affiliate or Subsidiary of the General Partner shall be considered to constitute a Limited Partnership Interest.

“ **Indemnified Party** ” has the meaning set forth in Section 8.05(f) hereof.

“ **Indemnifying Party** ” has the meaning set forth in Section 8.05(f) hereof.

“ **Indemnitee** ” means (i) any Person made a party to a proceeding by reason of its status as (A) the General Partner or (B) a director of the General Partner or an officer or employee of the Partnership, the General Partner, Summit REIT or any Subsidiary thereof, and (ii) such other

Persons (including Affiliates of the General Partner, Summit REIT or the Partnership) as the General Partner may designate from time to time (whether before or after the event giving rise to potential liability), in its sole and absolute discretion.

" **Independent Director** " means a director of Summit REIT who meets the NYSE requirements for an independent director as set forth from time to time.

" **Junior Shares** " has the meaning set forth in the definition of "Additional Securities."

" **Limited Partner** " means any Person named as a Limited Partner on Exhibit A attached hereto, as it may be amended or restated from time to time, and any Person who becomes a Substitute Limited Partner or any additional Limited Partner, in such Person's capacity as a Limited Partner in the Partnership.

" **Limited Partnership Interest** " means a Partnership Interest held by a Limited Partner at any particular time representing a fractional part of the Partnership Interest of all Limited Partners, and includes any and all benefits to which the holder of such a Limited Partnership Interest may be entitled as provided in this Agreement and in the Act, together with the obligations of such Limited Partner to comply with all the provisions of this Agreement and of the Act. Limited Partnership Interests may be expressed as a number of Common Units, LTIP Units or other Partnership Units.

" **Liquidating Gains** " has the meaning set forth in Section 5.01(g) hereof.

" **LTIP Unit** " means a Partnership Unit which is designated as an LTIP Unit and which has the rights, preferences and other privileges designated in Section 4.04 hereof and elsewhere in this Agreement in respect of holders of LTIP Units, including both vested LTIP Units and Unvested LTIP Units. The allocation of LTIP Units among the Partners shall be set forth on Exhibit A as it may be amended or restated from time to time.

" **LTIP Unitholder** " means a Partner that holds LTIP Units.

" **Loss** " has the meaning set forth in Section 5.01(h) hereof.

" **Majority in Interest** " means Limited Partners holding more than fifty percent (50%) of the Percentage Interests of the Limited Partners.

" **New Securities** " has the meaning set forth in the definition of "Additional Securities".

" **Notice of Redemption** " means the Notice of Exercise of Common Unit Redemption Right substantially in the form attached as Exhibit B hereto.

" **NYSE** " means the New York Stock Exchange.

" **Offer** " has the meaning set forth in Section 7.01(c) hereof.

" **Offering** " means the underwritten initial public offering of REIT Shares.

“ **Partner** ” means any General Partner or Limited Partner, and “Partners” means the General Partner and the Limited Partners.

“ **Partner Nonrecourse Debt Minimum Gain** ” has the meaning set forth in Regulations Section 1.704-2(i). A Partner’s share of Partner Nonrecourse Debt Minimum Gain shall be determined in accordance with Regulations Section 1.704-2(i)(5).

“ **Partnership** ” has the meaning set forth in the recitals to this Agreement.

“ **Partnership Interest** ” means an ownership interest in the Partnership held by a Partner, and includes any and all benefits to which the holder of such a Partnership Interest may be entitled as provided in this Agreement, together with all obligations of such Person to comply with the terms and provisions of this Agreement. A Partnership Interest may be expressed as a number of Common Units, LTIP Units or other Partnership Units.

“ **Partnership Loan** ” means a loan from the Partnership to the Partner on the day the Partnership pays over the excess of the Withheld Amount over the Distributable Amount to a taxing authority.

“ **Partnership Minimum Gain** ” has the meaning set forth in Regulations Section 1.704-2(d). In accordance with Regulations Section 1.704-2 (d), the amount of Partnership Minimum Gain is determined by first computing, for each Partnership nonrecourse liability, any gain the Partnership would realize if it disposed of the property subject to that liability for no consideration other than full satisfaction of the liability, and then aggregating the separately computed gains. A Partner’s share of Partnership Minimum Gain shall be determined in accordance with Regulations Section 1.704-2(g)(1).

“ **Partnership Record Date** ” means the record date established by the General Partner for the distribution of cash pursuant to Section 5.02 hereof, which record date shall be the same as the record date established by Summit REIT for a distribution to its stockholders of some or all of its portion of such distribution.

“ **Partnership Unit** ” means a fractional, undivided share of the Partnership Interests of all Partners issued hereunder, and includes Common Units, LTIP Units and any other class or series of Partnership Units that may be established after the date hereof in accordance with the terms hereof. The number of Partnership Units outstanding and the Percentage Interests represented by such Partnership Units are set forth on Exhibit A hereto, as it may be amended or restated from time to time.

“ **Partnership Unit Designation** ” has the meaning set forth in Section 4.02(a)(i) hereof.

“ **Percentage Interest** ” means the percentage determined by dividing the number of Partnership Units of a Partner by the sum of the number of Partnership Units of all Partners.

“ **Person** ” means any individual, partnership, corporation, limited liability company, joint venture, trust or other entity.

" **Preferred Shares** " has the meaning set forth in the definition of "Additional Securities".

" **Profit** " has the meaning set forth in Section 5.01(h) hereof.

" **Property** " means any property or other investment in which the Partnership, directly or indirectly, holds an ownership interest.

" **Redeeming Limited Partner** " has the meaning set forth in Section 8.04(a) hereof.

" **Redemption Shares** " has the meaning set forth in Section 8.05(a) hereof.

" **Regulations** " means the Federal Income Tax Regulations issued under the Code, as amended and as subsequently amended from time to time. Reference to any particular provision of the Regulations shall mean that provision of the Regulations on the date hereof and any successor provision of the Regulations.

" **REIT** " means a real estate investment trust under Sections 856 through 860 of the Code.

" **REIT Expenses** " means (i) costs and expenses relating to the formation and continuity of existence and operation of Summit REIT and any Subsidiaries thereof (which Subsidiaries shall, for purposes hereof, be included within the definition of Summit REIT), including taxes, fees and assessments associated therewith, any and all costs, expenses or fees payable to any director, officer or employee of Summit REIT, (ii) costs and expenses relating to any public offering and registration, or private offering, of securities by Summit REIT, and all statements, reports, fees and expenses incidental thereto, including, without limitation, underwriting discounts and selling commissions applicable to any such offering of securities, and any costs and expenses associated with any claims made by any holders of such securities or any underwriters or placement agents thereof, (iii) costs and expenses associated with any repurchase of any securities by Summit REIT, (iv) costs and expenses associated with the preparation and filing of any periodic or other reports and communications by Summit REIT under federal, state or local laws or regulations, including filings with the Commission, (v) costs and expenses associated with compliance by Summit REIT with laws, rules and regulations promulgated by any regulatory body, including the Commission and any securities exchange, (vi) costs and expenses associated with any health, dental, vision, disability, life insurance, 401(k) plan, incentive plan, bonus plan or other plan providing for compensation or benefits for the employees of Summit REIT, (vii) costs and expenses incurred by Summit REIT relating to any issuance or redemption of Partnership Interests and (viii) all other operating or administrative costs of Summit REIT incurred in the ordinary course of its business on behalf of or related to the Partnership.

" **REIT Shares** " means shares of common stock, par value $0.01 per share, of Summit REIT (or Successor Entity, as the case may be).

" **REIT Shares Amount** " means the number of REIT Shares equal to the product of (X) the number of Common Units offered for redemption by a Redeeming Limited Partner, multiplied by (Y) the Conversion Factor as adjusted to and including the Specified Redemption Date; provided that in the event Summit REIT issues to all holders of REIT Shares rights,

options, warrants or convertible or exchangeable securities entitling the holders of REIT Shares to subscribe for or purchase additional REIT Shares, or any other securities or property (collectively, the " **Rights** "), and such Rights have not expired at the Specified Redemption Date, then the REIT Shares Amount shall also include such Rights issuable to a holder of the REIT Shares Amount on the record date fixed for purposes of determining the holders of REIT Shares entitled to Rights.

" **Restriction Notice** " has the meaning set forth in Section 8.04(f) hereof.

" **Rights** " has the meaning set forth in the definition of "REIT Shares Amount" herein.

" **Rule 144** " has the meaning set forth in Section 8.05(c) hereof.

" **S-3 Eligible Date** " has the meaning set forth in Section 8.05(a) hereof.

" **Safe Harbor Election** " has the meaning set forth in Section 11.01 hereof.

" **Safe Harbor Interest** " has the meaning set forth in Section 11.01 hereof.

" **Securities Act** " means the Securities Act of 1933, as amended.

" **Service** " means the Internal Revenue Service.

" **Stock Ownership Limit** " has the meaning set forth in the Articles.

" **Specified Redemption Date** " means the first business day of the calendar quarter that is at least 60 calendar days after the receipt by the General Partner of a Notice of Redemption.

" **Subsidiary** " means, with respect to any Person, any corporation or other entity of which a majority of (i) the voting power of the voting equity securities or (ii) the outstanding equity interests is owned, directly or indirectly, by such Person.

" **Subsidiary Partnership** " means any partnership or limited liability company in which the General Partner, Summit REIT, the Partnership, or a wholly owned Subsidiary of the General Partner, Summit REIT or the Partnership owns a partnership or limited liability company interest.

" **Substitute Limited Partner** " means any Person admitted to the Partnership as a Limited Partner pursuant to Section 9.03 hereof.

" **Successor Entity** " has the meaning set forth in the definition of "Conversion Factor" herein.

" **Summit REIT** " has the meaning set forth in the recitals to this Agreement.

" **Survivor** " has the meaning set forth in Section 7.01(d) hereof.

" **Tax Matters Partner** " has the meaning set forth within Section 6231(a)(7) of the Code.

" **Trading Day** " means a day on which the principal national securities exchange on which a security is listed or admitted to trading is open for the transaction of business or, if a security is not listed or admitted to trading on any national securities exchange, shall mean any day other than a Saturday, a Sunday or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

" **Transaction** " has the meaning set forth in Section 7.01(c) hereof.

" **Transfer** " has the meaning set forth in Section 9.02(a) hereof.

" **TRS** " means a taxable REIT subsidiary (as defined in Section 856(l) of the Code) of Summit REIT.

" **Unvested LTIP Units** " has the meaning set forth in Section 4.04(c) hereof.

" **Value** " means, with respect to any security, the average of the daily market prices of such security for the ten consecutive Trading Days immediately preceding the date of such valuation. The market price for each such Trading Day shall be: (i) if the security is listed or admitted to trading on the NYSE or any other national securities exchange, the last reported sale price, regular way, on such day, or if no such sale takes place on such day, the average of the closing bid and asked prices, regular way, on such day, (ii) if the security is not listed or admitted to trading on the NYSE or any other national securities exchange, the last reported sale price on such day or, if no sale takes place on such day, the average of the closing bid and asked prices on such day, as reported by a reliable quotation source designated by Summit REIT, or (iii) if the security is not listed or admitted to trading on the NYSE or any national securities exchange and no such last reported sale price or closing bid and asked prices are available, the average of the reported high bid and low asked prices on such day, as reported by a reliable quotation source designated by Summit REIT, or if there shall be no bid and asked prices on such day, the average of the high bid and low asked prices, as so reported, on the most recent day (not more than ten days prior to the date in question) for which prices have been so reported; provided that if there are no bid and asked prices reported during the ten days prior to the date in question, the value of the security shall be determined by Summit REIT acting in good faith on the basis of such quotations and other information as it considers, in its reasonable judgment, appropriate. In the event the security includes any additional rights (including any Rights), then the value of such rights shall be determined by Summit REIT acting in good faith on the basis of such quotations and other information as it considers, in its reasonable judgment, appropriate.

" **Vested LTIP Units** " has the meaning set forth in Section 4.04(c) hereof.

" **Vesting Agreement** " means each or any, as the context implies, agreement or instrument entered into by an LTIP Unitholder upon acceptance of an award of LTIP Units under an Equity Incentive Plan.

" **Withheld Amount** " means any amount required to be withheld by the Partnership to pay over to any taxing authority as a result of any allocation or distribution of income to a Partner.

ARTICLE II
FORMATION OF THE PARTNERSHIP

2.01 Formation of the Partnership . The Partnership was formed as a limited partnership pursuant to the provisions of the Act and upon the terms and conditions set forth in this Agreement. Except as expressly provided herein to the contrary, the rights and obligations of the Partners and administration and termination of the Partnership shall be governed by the Act. The Partnership Interest of each Partner shall be personal property for all purposes.

2.02 Name . The Name of the Partnership shall be "Summit Hotel OP, LP" and the Partnership's business may be conducted under any other name or names deemed advisable by the General Partner, including the name of the General Partner or any Affiliate thereof. The words "Limited Partnership," "LP," "L.P." or "Ltd." or similar words or letters shall be included in the Partnership's name where necessary for the purposes of complying with the laws of any jurisdiction that so requires. The General Partner in its sole and absolute discretion may change the name of the Partnership at any time and from time to time and shall notify the Partners of such change in the next regular communication to the Partners; provided, however, failure to so notify the Partners shall not invalidate such change or the authority granted hereunder.

2.03 Registered Office and Agent; Principal Office . The registered office of the Partnership in the State of Delaware is located at Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, and the registered agent for service of process on the Partnership in the State of Delaware at such registered office is The Corporation Trust Company, a Delaware corporation. The principal office of the Partnership is located at 2701 South Minnesota Avenue, Suite 6, Sioux Falls, South Dakota 57105, or such other place as the General Partner may from time to time designate. Upon such a change of the principal office of the Partnership, the General Partner shall notify the Partners of such change in the next regular communication to the Partners; provided, however, failure to so notify the Partners shall not invalidate such change or the authority granted hereunder. The Partnership may maintain offices at such other place or places within or outside the State of Delaware as the General Partner deems necessary or desirable.

2.04 Term and Dissolution .

(a) The term of the Partnership shall continue in full force and effect until dissolved upon the first to occur of any of the following events:

(i) the occurrence of an Event of Bankruptcy as to a General Partner or the dissolution, death, removal or withdrawal of a General Partner unless the business of the Partnership is continued pursuant to Section 7.03(b) hereof; provided that if a General Partner is on the date of such occurrence a partnership, the dissolution of such General Partner as a result of the dissolution, death, withdrawal, removal or Event of Bankruptcy of a partner in such partnership shall not be an event of dissolution of the Partnership if the business of such General Partner is continued by the remaining partner or partners, either alone or with additional partners, and such General Partner and such partners comply with any other applicable requirements of this Agreement;

(ii) the passage of 90 days after the sale or other disposition of all or substantially all of the assets of the Partnership (provided that if the Partnership receives an installment obligation as consideration for such sale or other disposition, the Partnership shall continue, unless sooner dissolved under the provisions of this Agreement, until such time as such installment obligations are paid in full);

(iii) the redemption of all Limited Partnership Interests (other than any Limited Partnership Interests held by the General Partner), unless the General Partner determines to continue the term of the Partnership by the admission of one or more additional Limited Partners; or

(iv) the dissolution of the Partnership upon election by the General Partner.

(b) Upon dissolution of the Partnership (unless the business of the Partnership is continued pursuant to Section 7.03(b) hereof), the General Partner (or its trustee, receiver, successor or legal representative) shall amend or cancel the Certificate and liquidate the Partnership's assets and apply and distribute the proceeds thereof in accordance with Section 5.06 hereof. Notwithstanding the foregoing, the liquidating General Partner may either (i) defer liquidation of, or withhold from distribution for a reasonable time, any assets of the Partnership (including those necessary to satisfy the Partnership's debts and obligations), or (ii) distribute the assets to the Partners in kind.

2.05 Filing of Certificate and Perfection of Limited Partnership . The General Partner shall execute, acknowledge, record and file at the expense of the Partnership the Certificate and any and all amendments thereto and all requisite fictitious name statements and notices in such places and jurisdictions as may be necessary to cause the Partnership to be treated as a limited partnership under, and otherwise to comply with, the laws of each state or other jurisdiction in which the Partnership conducts business.

2.06 Certificates Describing Partnership Units . At the request of a Limited Partner, the General Partner, at its option, may issue a certificate summarizing the terms of such Limited Partner's interest in the Partnership, including the class or series and number of Partnership Units owned and the Percentage Interest represented by such Partnership Units as of the date of such certificate. Any such certificate (i) shall be in form and substance as determined by the General Partner, (ii) shall not be negotiable and (iii) shall bear a legend to the following effect:

THIS CERTIFICATE IS NOT NEGOTIABLE. THE PARTNERSHIP UNITS REPRESENTED BY THIS CERTIFICATE ARE GOVERNED BY AND TRANSFERABLE ONLY IN ACCORDANCE WITH (A) THE PROVISIONS OF THE AGREEMENT OF LIMITED PARTNERSHIP OF SUMMIT HOTEL OP, LP, AS AMENDED, SUPPLEMENTED OR RESTATED FROM TIME TO TIME, AND (B) ANY APPLICABLE FEDERAL OR STATE SECURITIES OR BLUE SKY LAWS.

ARTICLE III
BUSINESS OF THE PARTNERSHIP

The purpose and nature of the business to be conducted by the Partnership is (i) to conduct any business that may be lawfully conducted by a limited partnership organized pursuant to the Act, provided , however , that such business shall be limited to and conducted in such a manner as to permit Summit REIT at all times to qualify as a REIT, unless Summit REIT otherwise ceases to, or the Board of Directors determines, pursuant to Section 5.7 of the Articles, that Summit REIT shall no longer, qualify as a REIT, (ii) to enter into any partnership, joint venture or other similar arrangement to engage in any of the foregoing or the ownership of interests in any entity engaged in any of the foregoing and (iii) to do anything necessary or incidental to the foregoing. In connection with the foregoing, and without limiting Summit REIT's right in its sole and absolute discretion to cease qualifying as a REIT, the Partners acknowledge that the status of Summit REIT as a REIT and the avoidance of income and excise taxes on Summit REIT inures to the benefit of all the Partners and not solely to the General Partner or its Affiliates. Notwithstanding the foregoing, the Limited Partners agree that Summit REIT may terminate or revoke its status as a REIT under the Code at any time. Summit REIT shall also be empowered to do any and all acts and things necessary or prudent to ensure that the Partnership will not be classified as a "publicly traded partnership" taxable as a corporation for purposes of Section 7704 of the Code.

ARTICLE IV
CAPITAL CONTRIBUTIONS AND ACCOUNTS

4.01 Capital Contributions . The General Partner and each Limited Partner has made a capital contribution to the Partnership in exchange for the Partnership Units set forth opposite such Partner's name on Exhibit A hereto, as it may be amended or restated from time to time by the General Partner to the extent necessary to reflect accurately sales, exchanges or other Transfers, redemptions, Capital Contributions, the issuance of additional Partnership Units or similar events having an effect on a Partner's ownership of Partnership Units.

4.02 Additional Capital Contributions and Issuances of Additional Partnership Units . Except as provided in this Section 4.02 or in Section 4.03 hereof, the Partners shall have no right or obligation to make any additional Capital Contributions or loans to the Partnership. The General Partner may contribute additional capital to the Partnership, from time to time, and receive additional Partnership Interests, in the form of Partnership Units, in respect thereof, in the manner contemplated in this Section 4.02.

(a) Issuances of Additional Partnership Units .

(i) General . As of the effective date of this Agreement, the Partnership shall have two classes of Partnership Units, entitled "Common Units" and "LTIP Units." The General Partner is hereby authorized to cause the Partnership to issue such additional Partnership Interests, in the form of Partnership Units, for any Partnership purpose at any time or from time to time to the Partners (including the General Partner) or to other Persons for such consideration and on such terms and conditions as shall be established by the General Partner in its sole and absolute discretion, all without the

approval of any Limited Partners. The General Partner's determination that consideration is adequate shall be conclusive insofar as the adequacy of consideration relates to whether the Partnership Units are validly issued and fully paid. Any additional Partnership Units issued thereby may be issued in one or more classes, or one or more series of any of such classes, with such designations, preferences and relative, participating, optional or other special rights, powers and duties, including rights, powers and duties senior to the then-outstanding Partnership Units held by the Limited Partners, all as shall be determined by the General Partner in its sole and absolute discretion and without the approval of any Limited Partner, subject to Delaware law that cannot be preempted by the terms hereof and as set forth in a written document hereafter attached to and made an exhibit to this Agreement (each, a " **Partnership Unit Designation** "), including, without limitation, (i) the allocations of items of Partnership income, gain, loss, deduction and credit to each such class or series of Partnership Units; (ii) the right of each such class or series of Partnership Units to share in Partnership distributions; and (iii) the rights of each such class or series of Partnership Units upon dissolution and liquidation of the Partnership; provided , however , that no additional Partnership Units shall be issued to the General Partner or Summit REIT (or any direct or indirect wholly owned Subsidiary of the General Partner or Summit REIT) unless:

(1) (A) the additional Partnership Units are issued in connection with an issuance of REIT Shares or other capital stock of, or other interests in, Summit REIT, which REIT Shares, capital stock or other interests have designations, preferences and other rights, all such that the economic interests are substantially similar to the designations, preferences and other rights of the additional Partnership Units issued to the General Partner or Summit REIT (or any direct or indirect wholly owned Subsidiary of the General Partner or Summit REIT) by the Partnership in accordance with this Section 4.02 and (B) the General Partner or Summit REIT (or any direct or indirect wholly owned Subsidiary of the General Partner or Summit REIT) shall make a Capital Contribution to the Partnership in an amount equal to the cash consideration received by Summit REIT from the issuance of such REIT Shares, capital stock or other interests in Summit REIT;

(2) (A) the additional Partnership Units are issued in connection with an issuance of REIT Shares or other capital stock of, or other interests in, Summit REIT pursuant to a taxable share dividend declared by Summit REIT, which REIT Shares, capital stock or interests have designations, preferences and other rights, all such that the economic interests are substantially similar to the designations, preferences and other rights of the additional Partnership Units issued to the General Partner or Summit REIT (or any direct or indirect wholly owned Subsidiary of the General Partner or Summit REIT) by the Partnership in accordance with this Section 4.02, (B) if Summit REIT allows the holders of its REIT Shares to elect whether to receive such dividend in REIT Shares or other capital stock of or, other interests in Summit REIT or cash, the Partnership will give the Limited Partners (excluding the General Partner, Summit REIT or any direct or indirect Subsidiary of the General Partner or Summit REIT) the same election to elect to receive (I) Partnership Units or cash or, (II) at the

election of Summit REIT, REIT Shares, capital stock or other interests in Summit REIT or cash, and (C) if the Partnership issues additional Partnership Units pursuant to this Section 4.02(a)(i)(2), then an amount of income equal to the value of the Partnership Units received will be allocated to those holders of Common Units that elect to receive additional Partnership Units;

(3) the additional Partnership Units are issued in exchange for property owned by the General Partner or Summit REIT (or any direct or indirect wholly owned Subsidiary of the General Partner or Summit REIT) with a fair market value, as determined by the General Partner, in good faith, equal to the value of the Partnership Units; or

(4) the additional Partnership Units are issued to all Partners in proportion to their respective Percentage Interests.

Without limiting the foregoing, the General Partner is expressly authorized to cause the Partnership to issue Partnership Units for less than fair market value, so long as the General Partner concludes in good faith that such issuance is in the interests of the Partnership. Upon the issuance of any additional Partnership Units, the General Partner shall amend Exhibit A as appropriate to reflect such issuance.

(ii) Upon Issuance of Additional Securities . Summit REIT shall not issue any Additional Securities (other than REIT Shares issued in connection with an exchange pursuant to Section 8.04 hereof or REIT Shares or other capital stock of or other interests in Summit REIT issued in connection with a taxable stock dividend as described in Section 4.02(a)(i)(2) hereof) or Rights other than to all holders of REIT Shares, Preferred Shares, Junior Shares, or New Securities, as the case may be, unless (A) the General Partner shall cause the Partnership to issue to the General Partner or Summit REIT (or any direct or indirect wholly owned Subsidiary of the General Partner or Summit REIT) Partnership Units or Rights having designations, preferences and other rights, all such that the economic interests are substantially similar to those of the Additional Securities, and (B) Summit REIT, directly or through the General Partner (or any direct or indirect wholly owned Subsidiary of the General Partner or another direct or indirect wholly owned Subsidiary of Summit REIT), contributes the proceeds from the issuance of such Additional Securities and from any exercise of Rights contained in such Additional Securities to the Partnership; provided , however , that Summit REIT is allowed to issue Additional Securities in connection with an acquisition of Property to be held directly by Summit REIT, but if and only if, such direct acquisition and issuance of Additional Securities have been approved by a majority of the Independent Directors. Without limiting the foregoing, Summit REIT is expressly authorized to issue Additional Securities for less than fair market value, and the General Partner is authorized to cause the Partnership to issue to the General Partner or Summit REIT (or any direct or indirect wholly owned Subsidiary of the General Partner or Summit REIT) corresponding Partnership Units, so long as (x) the General Partner concludes in good faith that such issuance is in the best interests of Summit REIT, the General Partner and the Partnership and (y) Summit REIT, directly or through the General Partner (or any direct or indirect wholly owned Subsidiary of the General Partner or another direct or indirect wholly

owned Subsidiary of Summit REIT), contributes all proceeds from such issuance to the Partnership, including without limitation, the issuance of REIT Shares and corresponding Partnership Units pursuant to a stock purchase plan providing for purchases of REIT Shares at a discount from fair market value or pursuant to stock awards, including stock options that have an exercise price that is less than the fair market value of the REIT Shares, either at the time of issuance or at the time of exercise, and restricted or other stock awards approved by the Board of Directors. For example, in the event Summit REIT issues REIT Shares for a cash purchase price and Summit REIT, directly or through the General Partner (or any direct or indirect wholly owned Subsidiary of the General Partner or another direct or indirect wholly owned Subsidiary of Summit REIT), contributes all of the proceeds of such issuance to the Partnership as required hereunder, the General Partner or Summit REIT (or any direct or indirect wholly owned Subsidiary of the General Partner or Summit REIT) shall be issued a number of additional Partnership Units equal to the product of (A) the number of such REIT Shares issued by Summit REIT, the proceeds of which were so contributed, multiplied by (B) a fraction, the numerator of which is 100%, and the denominator of which is the Conversion Factor in effect on the date of such contribution.

(b) Certain Contributions of Proceeds of Issuance of REIT Shares . In connection with any and all issuances of REIT Shares, Summit REIT, directly or through the General Partner (or any direct or indirect wholly owned Subsidiary of the General Partner or another direct or indirect wholly owned Subsidiary of Summit REIT), shall make Capital Contributions to the Partnership of the proceeds therefrom, provided that if the proceeds actually received and contributed by Summit REIT, directly or through the General Partner (or any direct or indirect wholly owned Subsidiary of the General Partner or another direct or indirect wholly owned Subsidiary of Summit REIT), are less than the gross proceeds of such issuance as a result of any underwriter's discount, commissions, placement fees or other expenses paid or incurred in connection with such issuance, then Summit REIT, directly or through the General Partner (or any direct or indirect wholly owned Subsidiary of the General Partner or another direct or indirect wholly owned Subsidiary of Summit REIT), shall be deemed to have made a Capital Contribution to the Partnership in the amount equal to the sum of the net proceeds of such issuance plus the amount of such underwriter's discount, commissions, placement fees or other expenses paid by Summit REIT, and the Partnership shall be deemed simultaneously to have reimbursed such discount, commissions, placement fees and expenses as an Administrative Expense for the benefit of the Partnership for purposes of Section 6.05(b).

(c) Repurchases of Summit REIT Securities . If Summit REIT shall repurchase shares of any class or series of its capital stock, the purchase price thereof and all costs incurred in connection with such repurchase shall be reimbursed to Summit REIT by the Partnership pursuant to Section 6.05 hereof and the General Partner shall cause the Partnership to redeem an equivalent number of Partnership Units of the appropriate class or series held by Summit REIT (or any direct or indirect wholly owned Subsidiary of Summit REIT) (which, in the case of REIT Shares, shall be a number equal to the quotient of the number of such REIT Shares divided by the Conversion Factor).

4.03 Additional Funding . If the General Partner determines that it is in the best interests of the Partnership to provide for additional Partnership funds (" **Additional Funds** ") for

any Partnership purpose, the General Partner may (i) cause the Partnership to obtain such funds from outside borrowings, or (ii) elect to have the General Partner or any of its Affiliates provide such Additional Funds to the Partnership through loans or otherwise.

4.04 LTIP Units .

(a) Issuance of LTIP Units . Notwithstanding anything contained herein to the contrary, the General Partner may from time to time issue LTIP Units to Persons who provide services to the Partnership, the General Partner or Summit REIT for such consideration as the General Partner may determine to be appropriate, and admit such Persons as Limited Partners. Subject to the following provisions of this Section 4.04 and the special provisions of Sections 4.05 and 5.01(g) hereof, LTIP Units shall be treated as Common Units, with all of the rights, privileges and obligations attendant thereto. For purposes of computing the Partners' Percentage Interests, holders of LTIP Units shall be treated as Common Unit holders and LTIP Units shall be treated as Common Units. In particular, the Partnership shall maintain at all times a one-to-one correspondence between LTIP Units and Common Units for conversion, distribution and other purposes, including, without limitation, complying with the following procedures:

(i) If an Adjustment Event (as defined below) occurs, then the General Partner shall make a corresponding adjustment to the LTIP Units to maintain a one-for-one conversion and economic equivalence ratio between Common Units and LTIP Units. The following shall be " **Adjustment Events** ": (A) the Partnership makes a distribution on all outstanding Common Units in Partnership Units, (B) the Partnership subdivides the outstanding Common Units into a greater number of units or combines the outstanding Common Units into a smaller number of units, or (C) the Partnership issues any Partnership Units in exchange for its outstanding Common Units by way of a reclassification or recapitalization of its Common Units. If more than one Adjustment Event occurs, the adjustment to the LTIP Units need be made only once using a single formula that takes into account each and every Adjustment Event as if all Adjustment Events occurred simultaneously. For the avoidance of doubt, the following shall not be Adjustment Events: (x) the issuance of Partnership Units in a financing, reorganization, acquisition or other similar business Common Unit Transaction, (y) the issuance of Partnership Units pursuant to any employee benefit or compensation plan or distribution reinvestment plan or (z) the issuance of any Partnership Units to the General Partner or Summit REIT (or any direct or indirect wholly owned Subsidiary of the General Partner or Summit REIT) in respect of a capital contribution to the Partnership of proceeds from the sale of Additional Securities by Summit REIT. If the Partnership takes an action affecting the Common Units other than actions specifically described above as "Adjustment Events" and in the opinion of the General Partner such action would require an adjustment to the LTIP Units to maintain the one-to-one correspondence described above, the General Partner shall have the right to make such adjustment to the LTIP Units, to the extent permitted by law and by any Equity Incentive Plan and Vesting Agreement, in such manner and at such time as the General Partner, in its sole discretion, may determine to be appropriate under the circumstances. If an adjustment is made to the LTIP Units, as herein provided, the Partnership shall promptly file in the books and records of the Partnership an officer's certificate setting forth such adjustment and a brief statement of the facts requiring such adjustment, which certificate shall be conclusive

evidence of the correctness of such adjustment absent manifest error. Promptly after filing of such certificate, the Partnership shall deliver a notice to each LTIP Unitholder setting forth the adjustment to his or her LTIP Units and the effective date of such adjustment; provided, however, the failure to deliver such notice shall not invalidate the adjustment or the authority granted hereunder, and

(ii) The LTIP Unitholders shall, when, as and if authorized and declared by the General Partner out of assets legally available for that purpose, be entitled to receive distributions in an amount per LTIP Unit equal to the distributions per Common Unit (the " **Common Partnership Unit Distribution** "), paid to holders of Common Units on such Partnership Record Date established by the General Partner with respect to such distribution. So long as any LTIP Units are outstanding, no distributions (whether in cash or in kind) shall be authorized, declared or paid on Common Units, unless equal distributions have been or contemporaneously are authorized, declared and paid on the LTIP Units.

(b) Priority . Subject to the provisions of this Section 4.04, the special provisions of Sections 4.05 and 5.01(g) hereof and any Vesting Agreement, the LTIP Units shall rank *pari passu* with the Common Units as to the payment of regular and special periodic or other distributions and distribution of assets upon liquidation, dissolution or winding up. As to the payment of distributions and as to distribution of assets upon liquidation, dissolution or winding up, any class or series of Partnership Units which by its terms specifies that it shall rank junior to, on a parity with, or senior to the Common Units shall also rank junior to, or *pari passu* with, or senior to, as the case may be, the LTIP Units. Subject to the terms of any Vesting Agreement, an LTIP Unitholder shall be entitled to transfer his or her LTIP Units to the same extent, and subject to the same restrictions as holders of Common Units are entitled to transfer their Common Units pursuant to Article IX.

(c) Special Provisions . LTIP Units shall be subject to the following special provisions:

(i) Vesting Agreements . LTIP Units may, in the sole discretion of the General Partner, be issued subject to vesting, forfeiture and additional restrictions on transfer pursuant to the terms of a Vesting Agreement. The terms of any Vesting Agreement may be modified by the General Partner from time to time in its sole discretion, subject to any restrictions on amendment imposed by the relevant Vesting Agreement or by the Equity Incentive Plan, if applicable. LTIP Units that have vested under the terms of a Vesting Agreement are referred to as " **Vested LTIP Units** "; all other LTIP Units shall be treated as " **Unvested LTIP Units** ."

(ii) Forfeiture . Unless otherwise specified in the Vesting Agreement, upon the occurrence of any event specified in a Vesting Agreement as resulting in either the right of the Partnership or the General Partner to repurchase LTIP Units at a specified purchase price or some other forfeiture of any LTIP Units, then if the Partnership or the General Partner exercises such right to repurchase or forfeiture in accordance with the applicable Vesting Agreement, the relevant LTIP Units shall immediately, and without any further action, be treated as cancelled and no longer outstanding for any purpose.

Unless otherwise specified in the Vesting Agreement, no consideration or other payment shall be due with respect to any LTIP Units that have been forfeited, other than any distributions declared with respect to a Partnership Record Date prior to the effective date of the forfeiture. In connection with any repurchase or forfeiture of LTIP Units, the balance of the portion of the Capital Account of the LTIP Unitholder that is attributable to all of his or her LTIP Units shall be reduced by the amount, if any, by which it exceeds the target balance contemplated by Section 5.01(g) hereof, calculated with respect to the LTIP Unitholder's remaining LTIP Units, if any.

(iii) Allocations . LTIP Unitholders shall be entitled to certain special allocations of gain under Section 5.01(g) hereof.

(iv) Redemption . The Common Unit Redemption Right provided to Limited Partners under Section 8.04 hereof shall not apply with respect to LTIP Units unless and until they are converted to Common Units as provided in clause (v) below and Section 4.05 hereof.

(v) Conversion to Common Units . Vested LTIP Units are eligible to be converted into Common Units in accordance with Section 4.05 hereof.

(d) Voting . LTIP Unitholders shall (a) have the same voting rights as the holders of Common Units, with all Vested LTIP Units and Unvested LTIP Units voting as a single class with the Common Units and having one vote per LTIP Unit; and (b) have the additional voting rights that are expressly set forth below. So long as any LTIP Units remain outstanding, the Partnership shall not, without the affirmative vote of the holders of a majority of the LTIP Units (Vested LTIP Units and Unvested LTIP Units) outstanding at the time, given in person or by proxy, either in writing or at a meeting (voting separately as a class), amend, alter or repeal, whether by merger, consolidation or otherwise, the provisions of this Agreement applicable to LTIP Units so as to materially and adversely affect (as determined in good faith by the General Partner) any right, privilege or voting power of the LTIP Units or the LTIP Unitholders as such, unless such amendment, alteration, or repeal affects equally, ratably and proportionately the rights, privileges and voting powers of the holders of Common Units; but subject, in any event, to the following provisions:

(i) With respect to any Common Unit Transaction (as defined in Section 4.05(f) hereof), so long as the LTIP Units are treated in accordance with Section 4.05(f) hereof, the consummation of such Common Unit Transaction shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers of the LTIP Units or the LTIP Unitholders as such; and

(ii) Any creation or issuance of any Partnership Units or of any class or series of Partnership Interest including without limitation additional Common Units or LTIP Units, whether ranking senior to, junior to, or on a parity with the LTIP Units with respect to distributions and the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers of the LTIP Units or the LTIP Unitholders as such.

The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required will be effected, all outstanding LTIP Units shall have been converted into Common Units.

4.05 Conversion of LTIP Units .

(a) Subject to the provisions of this Section 4.05, an LTIP Unitholder shall have the right (the " **Conversion Right** "), at such holder's option, at any time to convert all or a portion of such holder's Vested LTIP Units into Common Units; provided, however , that a holder may not exercise the Conversion Right for less than 1,000 Vested LTIP Units or, if such holder holds less than 1,000 Vested LTIP Units, all of the Vested LTIP Units held by such holder. LTIP Unitholders shall not have the right to convert Unvested LTIP Units into Common Units until they become Vested LTIP Units; provided , however , that when an LTIP Unitholder is notified of the expected occurrence of an event that will cause such LTIP Unitholder's Unvested LTIP Units to become Vested LTIP Units, such LTIP Unitholder may give the Partnership a Conversion Notice conditioned upon and effective as of the time of vesting and such Conversion Notice, unless subsequently revoked by the LTIP Unitholder, shall be accepted by the Partnership subject to such condition. The General Partner shall have the right at any time to cause a conversion of Vested LTIP Units into Common Units. In all cases, the conversion of any LTIP Units into Common Units shall be subject to the conditions and procedures set forth in this Section 4.05.

(b) A holder of Vested LTIP Units may convert such LTIP Units into an equal number of fully paid and non-assessable Common Units, giving effect to all adjustments (if any) made pursuant to Section 4.04 hereof. Notwithstanding the foregoing, in no event may a holder of Vested LTIP Units convert a number of Vested LTIP Units that exceeds (x) the Economic Capital Account Balance of such Limited Partner, to the extent attributable to its ownership of LTIP Units, divided by (y) the Common Unit Economic Balance, in each case as determined as of the effective date of conversion (the " **Capital Account Limitation** ").

In order to exercise the Conversion Right, an LTIP Unitholder shall deliver a notice (a " **Conversion Notice** ") in the form attached as Exhibit D to the Partnership (with a copy to the General Partner) not less than ten nor more than 60 days prior to a date (the " **Conversion Date** ") specified in such Conversion Notice; provided , however , that if the General Partner has not given to the LTIP Unitholders notice of a proposed or upcoming Common Unit Transaction (as defined in Section 4.05(f) hereof) at least 30 days prior to the effective date of such Common Unit Transaction, then LTIP Unitholders shall have the right to deliver a Conversion Notice until the earlier of (x) the tenth day after such notice from the General Partner of a Common Unit Transaction or (y) the third Trading Day immediately preceding the effective date of such Common Unit Transaction. A Conversion Notice shall be provided in the manner provided in Section 12.01 hereof. Each LTIP Unitholder covenants and agrees with the Partnership that all Vested LTIP Units to be converted pursuant to this Section 4.05(b) shall be free and clear of all liens. Notwithstanding anything herein to the contrary, a holder of LTIP Units may deliver a Notice of Redemption pursuant to Section 8.04(a) hereof relating to those Common Units that will be issued to such holder upon conversion of such LTIP Units into Common Units in advance of the Conversion Date; provided , however , that the redemption of such Common Units by the Partnership shall in no event take place until after the Conversion Date. For clarity, it is noted

that the objective of this paragraph is to put an LTIP Unitholder in a position where, if such holder so wishes, the Common Units into which such holder's Vested LTIP Units will be converted can be tendered to the Partnership for redemption simultaneously with such conversion, with the further consequence that, if Summit REIT elects to assume the Partnership's redemption obligation with respect to such Common Units under Section 8.04(b) hereof by delivering to such holder the REIT Shares Amount, then such holder can have the REIT Shares Amount issued to such holder simultaneously with the conversion of such holder's Vested LTIP Units into Common Units. The General Partner and LTIP Unitholder shall reasonably cooperate with each other to coordinate the timing of the events described in the foregoing sentence.

(c) The Partnership, at any time at the election of the General Partner, may cause any number of Vested LTIP Units held by an LTIP Unitholder to be converted (a " **Forced Conversion** ") into an equal number of Common Units, giving effect to all adjustments (if any) made pursuant to Section 4.04 hereof; provided , however , that the Partnership may not cause Forced Conversion of any LTIP Units that would not at the time be eligible for conversion at the option of such LTIP Unitholder pursuant to Section 4.05(b) hereof. In order to exercise its right of Forced Conversion, the Partnership shall deliver a notice (a " **Forced Conversion Notice** ") in the form attached as Exhibit E to the applicable LTIP Unitholder not less than ten nor more than 60 days prior to the Conversion Date specified in such Forced Conversion Notice. A Forced Conversion Notice shall be provided in the manner provided in Section 12.01 hereof and shall be revocable by the General Partner at any time prior to the Forced Conversion.

(d) A conversion of Vested LTIP Units for which the holder thereof has given a Conversion Notice or the Partnership has given a Forced Conversion Notice shall occur automatically after the close of business on the applicable Conversion Date without any action on the part of such LTIP Unitholder, as of which time such LTIP Unitholder shall be credited on the books and records of the Partnership with the issuance as of the opening of business on the next day of the number of Common Units issuable upon such conversion. After the conversion of LTIP Units as aforesaid, the Partnership shall deliver to such LTIP Unitholder, upon his or her written request, a certificate of the General Partner certifying the number of Common Units and remaining LTIP Units, if any, held by such person immediately after such conversion. The Assignee of any Limited Partner pursuant to Article IX hereof may exercise the rights of such Limited Partner pursuant to this Section 4.05 and such Limited Partner shall be bound by the exercise of such rights by the Assignee.

(e) For purposes of making future allocations under Section 5.01(g) hereof and applying the Capital Account Limitation, the portion of the Economic Capital Account Balance of the applicable LTIP Unitholder that is treated as attributable to his or her LTIP Units shall be reduced, as of the date of conversion, by the product of the number of LTIP Units converted and the Common Unit Economic Balance.

(f) If the Partnership, the General Partner or Summit REIT shall be a party to any Common Unit Transaction (including without limitation a merger, consolidation, unit exchange, self tender offer for all or substantially all Common Units or other business combination or reorganization, or sale of all or substantially all of the Partnership's assets, but excluding any Common Unit Transaction which constitutes an Adjustment Event) in each case as a result of which Common Units shall be exchanged for or converted into the right, or the

holders of Common Units shall otherwise be entitled, to receive cash, securities or other property or any combination thereof (each of the foregoing being referred to herein as a " **Common Unit Transaction** "), then the General Partner shall, subject to the terms of any applicable Equity Incentive Plan or Vesting Agreement, exercise immediately prior to the Common Unit Transaction its right to cause a Forced Conversion with respect to the maximum number of LTIP Units then eligible for conversion, taking into account any allocations that occur in connection with the Common Unit Transaction or that would occur in connection with the Common Unit Transaction if the assets of the Partnership were sold at the Common Unit Transaction price or, if applicable, at a value determined by the General Partner in good faith using the value attributed to the Partnership Units in the context of the Common Unit Transaction (in which case the Conversion Date shall be the effective date of the Common Unit Transaction).

In anticipation of such Forced Conversion and the consummation of the Common Unit Transaction, the Partnership shall use commercially reasonable efforts to cause each LTIP Unitholder to be afforded the right to receive in connection with such Common Unit Transaction in consideration for the Common Units into which such LTIP Unitholder's Units will be converted the same kind and amount of cash, securities and other property (or any combination thereof) receivable upon the consummation of such Common Unit Transaction by a holder of the same number of Common Units, assuming such holder of Common Units is not a Person with which the Partnership consolidated or into which the Partnership merged or which merged into the Partnership or to which such sale or transfer was made, as the case may be (a " **Constituent Person** "), or an affiliate of a Constituent Person. In the event that holders of Common Units have the opportunity to elect the form or type of consideration to be received upon consummation of the Common Unit Transaction, prior to such Common Unit Transaction the General Partner shall give prompt written notice to each LTIP Unitholder of such election, and shall use commercially reasonable efforts to afford the LTIP Unitholders the right to elect, by written notice to the General Partner, the form or type of consideration to be received upon conversion of each LTIP Unit held by such holder into Common Units in connection with such Common Unit Transaction. If an LTIP Unitholder fails to make such an election, such holder (and any of its transferees) shall receive upon conversion of each LTIP Unit held by such LTIP Unitholder (or by any of such LTIP Unitholder's transferees) the same kind and amount of consideration that a holder of a Common Unit would receive if such Common Unit holder failed to make such an election.

Subject to the rights of the Partnership and the General Partner under any Vesting Agreement and any Equity Incentive Plan, the Partnership shall use commercially reasonable efforts to cause the terms of any Common Unit Transaction to be consistent with the provisions of this Section 4.05(f) and to enter into an agreement with the successor or purchasing entity, as the case may be, for the benefit of any LTIP Unitholders whose LTIP Units will not be converted into Common Units in connection with the Common Unit Transaction that will (i) contain provisions enabling the holders of LTIP Units that remain outstanding after such Common Unit Transaction to convert their LTIP Units into securities as comparable as reasonably possible under the circumstances to the Common Units and (ii) preserve as far as reasonably possible under the circumstances the distribution, special allocation, conversion, and other rights set forth in this Agreement for the benefit of the LTIP Unitholders.

4.06 Capital Accounts . A separate capital account (a " **Capital Account** ") shall be established and maintained for each Partner in accordance with Regulations Section 1.704-1(b)(2)(iv). If (i) a new or existing Partner acquires an additional Partnership Interest in exchange for more than a *de minimis* Capital Contribution, (ii) the Partnership distributes to a Partner more than a *de minimis* amount of Partnership property as consideration for a Partnership Interest, (iii) the Partnership is liquidated within the meaning of Regulation Section 1.704-1(b)(2)(ii)(g) or (iv) the Partnership grants a Partnership Interest (other than a *de minimis* Partnership Interest) as consideration for the provision of services to or for the benefit of the Partnership to an existing Partner acting in a Partner capacity, or to a new Partner acting in a Partner capacity or in anticipation of being a Partner, the General Partner shall revalue the property of the Partnership to its fair market value (as determined by the General Partner, in its sole and absolute discretion, and taking into account Section 7701(g) of the Code) in accordance with Regulations Section 1.704-1(b)(2)(iv)(f); provided that the issuance of any LTIP Unit shall be deemed to require a revaluation pursuant to this Section 4.06. When the Partnership's property is revalued by the General Partner, the Capital Accounts of the Partners shall be adjusted in accordance with Regulations Sections 1.704-1(b)(2)(iv)(f) and (g), which generally require such Capital Accounts to be adjusted to reflect the manner in which the unrealized gain or loss inherent in such property (that has not been reflected in the Capital Accounts previously) would be allocated among the Partners pursuant to Section 5.01 hereof if there were a taxable disposition of such property for its fair market value (as determined by the General Partner, in its sole and absolute discretion, and taking into account Section 7701(g) of the Code) on the date of the revaluation. In making those adjustments to the Capital Accounts of the Partners occurring during any taxable year in which this Agreement is effective, the General Partner shall allocate the adjustments, to the extent possible and in its sole and absolute discretion, to cause the Capital Account attributable to each Common Unit to be equal in amount; provided that the General Partner shall not make any allocation that could cause any holder of Partnership Units to recognize income or gain for federal income tax purposes.

4.07 Percentage Interests . If the number of outstanding Common Units or other class or series of Partnership Units increases or decreases during a taxable year, each Partner's Percentage Interest shall be adjusted by the General Partner effective as of the effective date of each such increase or decrease to a percentage equal to the number of Common Units or other class or series of Partnership Units held by such Partner divided by the aggregate number of Common Units or other class or series of Partnership Units, as applicable, outstanding after giving effect to such increase or decrease. If the Partners' Percentage Interests are adjusted pursuant to this Section 4.07, the Profits and Losses for the taxable year in which the adjustment occurs shall be allocated between the part of the year ending on the day when the Partnership's property is revalued by the General Partner and the part of the year beginning on the following day either (i) as if the taxable year had ended on the date of the adjustment or (ii) based on the number of days in each part. The General Partner, in its sole and absolute discretion, shall determine which method shall be used to allocate Profits and Losses for the taxable year in which the adjustment occurs. The allocation of Profits and Losses for the earlier part of the year shall be based on the Percentage Interests before adjustment, and the allocation of Profits and Losses for the later part shall be based on the adjusted Percentage Interests.

4.08 No Interest on Contributions . No Partner shall be entitled to interest on its Capital Contribution.

4.09 Return of Capital Contributions. No Partner shall be entitled to withdraw any part of its Capital Contribution or its Capital Account or to receive any distribution from the Partnership, except as specifically provided in this Agreement. Except as otherwise provided herein, there shall be no obligation to return to any Partner or withdrawn Partner any part of such Partner's Capital Contribution for so long as the Partnership continues in existence.

4.10 No Third-Party Beneficiary. No creditor or other third party having dealings with the Partnership shall have the right to enforce the right or obligation of any Partner to make Capital Contributions or loans or to pursue any other right or remedy hereunder or at law or in equity, it being understood and agreed that the provisions of this Agreement, except as provided in Section 6.03(h), shall be solely for the benefit of, and may be enforced solely by, the parties to this Agreement and their respective successors and assigns. None of the rights or obligations of the Partners herein set forth to make Capital Contributions or loans to the Partnership shall be deemed an asset of the Partnership for any purpose by any creditor or other third party, nor may such rights or obligations be sold, transferred or assigned by the Partnership or pledged or encumbered by the Partnership to secure any debt or other obligation of the Partnership or of any of the Partners. In addition, it is the intent of the parties hereto that no distribution to any Limited Partner shall be deemed a return of money or other property in violation of the Act. However, if any court of competent jurisdiction holds that, notwithstanding the provisions of this Agreement, any Limited Partner is obligated to return such money or property, such obligation shall be the obligation of such Limited Partner and not of the General Partner. Without limiting the generality of the foregoing, a deficit Capital Account of a Partner shall not be deemed to be a liability of such Partner nor an asset or property of the Partnership.

ARTICLE V
PROFITS AND LOSSES; DISTRIBUTIONS

5.01 Allocation of Profit and Loss.

(a) Profit. Profit of the Partnership for each fiscal year of the Partnership shall be allocated to the Partners in accordance with their respective Percentage Interests.

(b) Loss. Loss of the Partnership for each fiscal year of the Partnership shall be allocated to the Partners in accordance with their respective Percentage Interests.

(c) Minimum Gain Chargeback. Notwithstanding any provision to the contrary, (i) any expense of the Partnership that is a "nonrecourse deduction" within the meaning of Regulations Section 1.704-2(b)(1) shall be allocated in accordance with the Partners' respective Percentage Interests, (ii) any expense of the Partnership that is a "partner nonrecourse deduction" within the meaning of Regulations Section 1.704-2(i)(2) shall be allocated to the Partner that bears the "economic risk of loss" of such deduction in accordance with Regulations Section 1.704-2(i)(1), (iii) if there is a net decrease in Partnership Minimum Gain within the meaning of Regulations Section 1.704-2(f)(1) for any Partnership taxable year, then, subject to the exceptions set forth in Regulations Section 1.704-2(f)(2),(3), (4) and (5), items of gain and income shall be allocated among the Partners in accordance with Regulations Section 1.704-2(f) and the ordering rules contained in Regulations Section 1.704-2(j), and (iv) if there is a net decrease in Partner Nonrecourse Debt Minimum Gain within the meaning of Regulations

Section 1.704-2(i)(4) for any Partnership taxable year, then, subject to the exceptions set forth in Regulations Section 1.704(2)(g), items of gain and income shall be allocated among the Partners in accordance with Regulations Section 1.704-2(i)(4) and the ordering rules contained in Regulations Section 1.704-2(j). The manner in which it is reasonably expected that the deductions attributable to nonrecourse liabilities will be allocated for purposes of determining a Partner's share of the nonrecourse liabilities of the Partnership within the meaning of Regulations Section 1.752-3(a)(3) shall be in accordance with a Partner's Percentage Interest.

(d) Qualified Income Offset . If a Partner receives in any taxable year an adjustment, allocation or distribution described in subparagraphs (4), (5) or (6) of Regulations Section 1.704-1(b)(2)(ii)(d) that causes or increases a deficit balance in such Partner's Capital Account that exceeds the sum of such Partner's shares of Partnership Minimum Gain and Partner Nonrecourse Debt Minimum Gain, as determined in accordance with Regulations Sections 1.704-2(g) and 1.704-2(i), such Partner shall be allocated specially for such taxable year (and, if necessary, later taxable years) items of income and gain in an amount and manner sufficient to eliminate such deficit Capital Account balance as quickly as possible as provided in Regulations Section 1.704-1(b)(2)(ii)(d). After the occurrence of an allocation of income or gain to a Partner in accordance with this Section 5.01(d), to the extent permitted by Regulations Section 1.704-1(b), items of expense or loss shall be allocated to such Partner in an amount necessary to offset the income or gain previously allocated to such Partner under this Section 5.01(d).

(e) Capital Account Deficits . Loss shall not be allocated to a Limited Partner to the extent that such allocation would cause a deficit in such Partner's Capital Account (after reduction to reflect the items described in Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) and (6)) to exceed the sum of such Partner's shares of Partnership Minimum Gain and Partner Nonrecourse Debt Minimum Gain. Any Loss in excess of that limitation shall be allocated to the General Partner. After the occurrence of an allocation of Loss to the General Partner in accordance with this Section 5.01 (e), to the extent permitted by Regulations Section 1.704-1(b), Profit first shall be allocated to the General Partner in an amount necessary to offset the Loss previously allocated to the General Partner under this Section 5.01(e).

(f) Allocations Between Transferor and Transferee . If a Partner transfers any part or all of its Partnership Interest, the distributive shares of the various items of Profit and Loss allocable among the Partners during such fiscal year of the Partnership shall be allocated between the transferor and the transferee Partner either (i) as if the Partnership's fiscal year had ended on the date of the transfer or (ii) based on the number of days of such fiscal year that each was a Partner without regard to the results of Partnership activities in the respective portions of such fiscal year in which the transferor and the transferee were Partners. The General Partner, in its sole and absolute discretion, shall determine which method shall be used to allocate the distributive shares of the various items of Profit and Loss between the transferor and the transferee Partner.

(g) Special Allocations Regarding LTIP Units . Notwithstanding the provisions of Sections 5.01(a) and (b) hereof, Liquidating Gains shall first be allocated to the LTIP Unitholders until their Economic Capital Account Balances, to the extent attributable to their ownership of LTIP Units, are equal to (i) the Common Unit Economic Balance, multiplied by (ii) the number of their LTIP Units. For this purpose, " **Liquidating Gains** " means net capital

gains realized in connection with the actual or hypothetical sale of all or substantially all of the assets of the Partnership, including but not limited to net capital gain realized in connection with an adjustment to the value of Partnership assets under Section 704(b) of the Code. The " **Economic Capital Account Balances** " of the LTIP Unit holders will be equal to their Capital Account balances to the extent attributable to their ownership of LTIP Units. Similarly, the " **Common Unit Economic Balance** " shall mean (i) the Capital Account balance of Summit REIT, plus the amount of Summit REIT's share of any Partner Nonrecourse Debt Minimum Gain or Partnership Minimum Gain, in either case to the extent attributable to Summit REIT's direct or indirect ownership of Common Units and computed on a hypothetical basis after taking into account all allocations through the date on which any allocation is made under this Section 5.01(g), divided by (ii) the number of Common Units directly or indirectly owned by Summit REIT. Any such allocations shall be made among the LTIP Unitholders in proportion to the amounts required to be allocated to each under this Section 5.01(g). The parties agree that the intent of this Section 5.01(g) is to make the Capital Account balance associated with each LTIP Unit to be economically equivalent to the Capital Account balance associated with Common Units directly or indirectly owned by Summit REIT (on a per-Unit basis).

(h) Definition of Profit and Loss . " **Profit** " and " **Loss** " and any items of income, gain, expense or loss referred to in this Agreement shall be determined in accordance with federal income tax accounting principles, as modified by Regulations Section 1.704-1(b)(2)(iv), except that Profit and Loss shall not include items of income, gain and expense that are specially allocated pursuant to Sections 5.01(c), (d)or (e) hereof. All allocations of income, Profit, gain, Loss and expense (and all items contained therein) for federal income tax purposes shall be identical to all allocations of such items set forth in this Section 5.01, except as otherwise required by Section 704(c) of the Code and Regulations Section 1.704-1(b)(4). With respect to properties acquired by the Partnership, the General Partner shall have the authority to elect the method to be used by the Partnership for allocating items of income, gain and expense as required by Section 704(c) of the Code with respect to such properties, and such election shall be binding on all Partners.

5.02 Distribution of Cash .

(a) Subject to Sections 5.02(c), (d) and (e) hereof and to the terms of any Partnership Unit Designation, the Partnership shall distribute cash at such times and in such amounts as are determined by the General Partner in its sole and absolute discretion, to the Partners who are Partners on the Partnership Record Date with respect to such quarter (or other distribution period) in proportion with their respective Common Units on the Partnership Record Date.

(b) In accordance with Section 4.04(a)(ii), the LTIP Unitholders shall be entitled to receive distributions in an amount per LTIP Unit equal to the Common Partnership Unit Distribution.

(c) If a new or existing Partner acquires additional Partnership Units in exchange for a Capital Contribution on any date other than a Partnership Record Date (other than Partnership Units acquired by the General Partner or Summit REIT (or any direct or indirect wholly owned Subsidiary of the General Partner or Summit REIT) in connection with the

issuance of additional REIT Shares or Additional Securities), the cash distribution attributable to such additional Partnership Units relating to the Partnership Record Date next following the issuance of such additional Partnership Units shall be reduced in the proportion to (i) the number of days that such additional Partnership Units are held by such Partner bears to (ii) the number of days between such Partnership Record Date and the immediately preceding Partnership Record Date.

(d) Notwithstanding any other provision of this Agreement, the General Partner is authorized to take any action that it determines to be necessary or appropriate to cause the Partnership to comply with any withholding requirements established under the Code or any other federal, state or local law including, without limitation, pursuant to Sections 1441, 1442, 1445 and 1446 of the Code. To the extent that the Partnership is required to withhold and pay over to any taxing authority any amount resulting from the allocation or distribution of income to a Partner or assignee (including by reason of Section 1446 of the Code), either (i) if the actual amount to be distributed to the Partner (the " **Distributable Amount** ") equals or exceeds the Withheld Amount, the entire Distributable Amount shall be treated as a distribution of cash to such Partner, or (ii) if the Distributable Amount is less than the Withheld Amount, the excess of the Withheld Amount over the Distributable Amount shall be treated as a Partnership Loan from the Partnership to the Partner on the day the Partnership pays over such amount to a taxing authority. A Partnership Loan shall be repaid upon the demand of the Partnership or, alternatively, through withholding by the Partnership with respect to subsequent distributions to the applicable Partner or assignee. In the event that a Limited Partner fails to pay any amount owed to the Partnership with respect to the Partnership Loan within 15 days after demand for payment thereof is made by the Partnership on the Limited Partner, the General Partner, in its sole and absolute discretion, may elect to make the payment to the Partnership on behalf of such Defaulting Limited Partner. In such event, on the date of payment, the General Partner shall be deemed to have extended a General Partner Loan to the Defaulting Limited Partner in the amount of the payment made by the General Partner and shall succeed to all rights and remedies of the Partnership against the Defaulting Limited Partner as to that amount. Without limitation, the General Partner shall have the right to receive any distributions that otherwise would be made by the Partnership to the Defaulting Limited Partner until such time as the General Partner Loan has been paid in full, and any such distributions so received by the General Partner shall be treated as having been received by the Defaulting Limited Partner and immediately paid to the General Partner.

Any amounts treated as a Partnership Loan or a General Partner Loan pursuant to this Section 5.02(d) shall bear interest at the lesser of (i) 300 basis points above the base rate on corporate loans at large United States money center commercial banks, as published from time to time in The Wall Street Journal , or (ii) the maximum lawful rate of interest on such obligation, such interest to accrue from the date the Partnership or the General Partner, as applicable, is deemed to extend the loan until such loan is repaid in full.

(e) In no event may a Partner receive a distribution of cash with respect to a Partnership Unit if such Partner is entitled to receive a cash dividend or other distribution of cash as the holder of record of a REIT Share for which all or part of such Partnership Unit has been or will be redeemed.

5.03 REIT Distribution Requirements. The General Partner shall use commercially reasonable efforts to cause the Partnership to distribute amounts sufficient to enable Summit REIT to pay distributions to its stockholders that will allow Summit REIT to (i) meet its distribution requirement for qualification as a REIT as set forth in Section 857 of the Code and (ii) avoid any federal income or excise tax liability imposed by the Code, other than to the extent Summit REIT elects to retain and pay income tax on its net capital gain.

5.04 No Right to Distributions in Kind. No Partner shall be entitled to demand property other than cash in connection with any distributions by the Partnership.

5.05 Limitations on Return of Capital Contributions. Notwithstanding any of the provisions of this Article V, no Partner shall have the right to receive, and the General Partner shall not have the right to make, a distribution that includes a return of all or part of a Partner's Capital Contributions, unless after giving effect to the return of a Capital Contribution, the sum of all Partnership liabilities, other than the liabilities to a Partner for the return of his Capital Contribution, does not exceed the fair market value of the Partnership's assets.

5.06 Distributions Upon Liquidation.

(a) Upon liquidation of the Partnership, after payment of, or adequate provision for, debts and obligations of the Partnership, including any Partner loans, any remaining assets of the Partnership shall be distributed to all Partners with positive Capital Accounts in accordance with their respective positive Capital Account balances.

(b) For purposes of Section 5.06(a) hereof, the Capital Account of each Partner shall be determined after all adjustments made in accordance with Sections 5.01 and 5.02 hereof resulting from Partnership operations and from all sales and dispositions of all or any part of the Partnership's assets.

(c) Any distributions pursuant to this Section 5.06 shall be made by the end of the Partnership's taxable year in which the liquidation occurs (or, if later, within 90 days after the date of the liquidation). To the extent deemed advisable by the General Partner, appropriate arrangements (including the use of a liquidating trust) may be made to assure that adequate funds are available to pay any contingent debts or obligations.

5.07 Substantial Economic Effect. It is the intent of the Partners that the allocations of Profit and Loss under the Agreement have substantial economic effect (or be consistent with the Partners' interests in the Partnership in the case of the allocation of losses attributable to nonrecourse debt) within the meaning of Section 704(b) of the Code as interpreted by the Regulations promulgated pursuant thereto. Article V and other relevant provisions of this Agreement shall be interpreted in a manner consistent with such intent.

ARTICLE VI
RIGHTS, OBLIGATIONS AND POWERS OF THE GENERAL PARTNER

6.01 Management of the Partnership .

(a) Except as otherwise expressly provided in this Agreement, the General Partner shall have full, complete and exclusive discretion to manage and control the business of the Partnership for the purposes herein stated, and shall make all decisions affecting the business and assets of the Partnership. Subject to the restrictions specifically contained in this Agreement, the powers of the General Partner shall include, without limitation, the authority to take the following actions on behalf of the Partnership:

(i) to acquire, purchase, own, operate, lease and dispose of any real property and any other property or assets including, but not limited to, notes and mortgages that the General Partner determines are necessary or appropriate in the business of the Partnership;

(ii) to construct buildings and make other improvements on the properties owned or leased by the Partnership;

(iii) to authorize, issue, sell, redeem or otherwise purchase any Partnership Units or any securities (including secured and unsecured debt obligations of the Partnership, debt obligations of the Partnership convertible into any class or series of Partnership Units, or Rights relating to any class or series of Partnership Units) of the Partnership;

(iv) to borrow or lend money for the Partnership, issue or receive evidences of indebtedness in connection therewith, refinance, increase the amount of, modify, amend or change the terms of, or extend the time for the payment of, any such indebtedness, and secure indebtedness by mortgage, deed of trust, pledge or other lien on the Partnership's assets;

(v) to pay, either directly or by reimbursement, all operating costs and general administrative expenses of the Partnership to third parties or to the General Partner or its Affiliates as set forth in this Agreement;

(vi) to guarantee or become a co-maker of indebtedness of any Subsidiary of the General Partner or the Partnership, refinance, increase the amount of, modify, amend or change the terms of, or extend the time for the payment of, any such guarantee or indebtedness, and secure such guarantee or indebtedness by mortgage, deed of trust, pledge or other lien on the Partnership's assets;

(vii) to use assets of the Partnership (including, without limitation, cash on hand) for any purpose consistent with this Agreement, including, without limitation, payment, either directly or by reimbursement, of all operating costs and general and administrative expenses of Summit REIT, the General Partner, the Partnership or any Subsidiary of the foregoing, to third parties or to Summit REIT or the General Partner as set forth in this Agreement;

(viii) to lease all or any portion of any of the Partnership's assets, whether or not the terms of such leases extend beyond the termination date of the Partnership and whether or not any portion of the Partnership's assets so leased are to be occupied by the lessee, or, in turn, subleased in whole or in part to others, for such consideration and on such terms as the General Partner may determine and to further lease property from third parties, including ground leases;

(ix) to prosecute, defend, arbitrate or compromise any and all claims or liabilities in favor of or against the Partnership, on such terms and in such manner as the General Partner may determine, and similarly to prosecute, settle or defend litigation with respect to the Partners, the Partnership or the Partnership's assets;

(x) to file applications, communicate and otherwise deal with any and all governmental agencies having jurisdiction over, or in any way affecting, the Partnership's assets or any other aspect of the Partnership's business;

(xi) to make or revoke any election permitted or required of the Partnership by any taxing authority;

(xii) to maintain such insurance coverage for public liability, fire and casualty, and any and all other insurance for the protection of the Partnership, for the conservation of Partnership assets, or for any other purpose convenient or beneficial to the Partnership, in such amounts and such types, as it shall determine from time to time;

(xiii) to determine whether or not to apply any insurance proceeds for any property to the restoration of such property or to distribute the same;

(xiv) to establish one or more divisions of the Partnership, to hire and dismiss employees of the Partnership or any division of the Partnership, and to retain legal counsel, accountants, consultants, real estate brokers and such other persons as the General Partner may deem necessary or appropriate in connection with the Partnership business and to pay therefor such reasonable remuneration as the General Partner may deem reasonable and proper;

(xv) to retain other services of any kind or nature in connection with the Partnership business, and to pay therefor such remuneration as the General Partner may deem reasonable and proper;

(xvi) to negotiate and conclude agreements on behalf of the Partnership with respect to any of the rights, powers and authority conferred upon the General Partner;

(xvii) to maintain accurate accounting records and to file promptly all federal, state and local income tax returns on behalf of the Partnership;

(xviii) to distribute Partnership cash or other Partnership assets in accordance with this Agreement;

(xix) to form or acquire an interest in, and contribute property to, any further limited or general partnerships, joint ventures or other relationships that it deems desirable (including, without limitation, the acquisition of interests in, and the contributions of property to, its Subsidiaries and any other Person in which it has an equity interest from time to time);

(xx) to establish Partnership reserves for working capital, capital expenditures, contingent liabilities or any other valid Partnership purpose;

(xxi) to merge, consolidate or combine the Partnership with or into another Person;

(xxii) to enter into and perform obligations under underwriting or other agreements in connection with issuances of securities by the Partnership or the General Partner or any affiliate thereof;

(xxiii) to do any and all acts and things necessary or prudent to ensure that the Partnership will not be classified as a "publicly traded partnership" taxable as a corporation under Section 7704 of the Code or an "investment company" or a subsidiary of an investment company under the Investment Company Act of 1940; and

(xxiv) to take such other action, execute, acknowledge, swear to or deliver such other documents and instruments, and perform any and all other acts that the General Partner deems necessary or appropriate for the formation, continuation and conduct of the business and affairs of the Partnership (including, without limitation, all actions consistent with allowing Summit REIT at all times to qualify as a REIT unless Summit REIT voluntarily terminates or revokes its REIT status) and to possess and enjoy all of the rights and powers of a general partner as provided by the Act.

(b) Except as otherwise provided herein, to the extent the duties of the General Partner require expenditures of funds to be paid to third parties, the General Partner shall not have any obligations hereunder except to the extent that Partnership funds are reasonably available to it for the performance of such duties, and nothing herein contained shall be deemed to authorize or require the General Partner, in its capacity as such, to expend its individual funds for payment to third parties or to undertake any individual liability or obligation on behalf of the Partnership.

6.02 Delegation of Authority . The General Partner may delegate any or all of its powers, rights and obligations hereunder, and may appoint, employ, contract or otherwise deal with any Person for the transaction of the business of the Partnership, which Person may, under supervision of the General Partner, perform any acts or services for the Partnership as the General Partner may approve.

6.03 Indemnification and Exculpation of Indemnitees .

(a) The Partnership shall indemnify an Indemnitee from and against any and all losses, claims, damages, liabilities, joint or several, expenses (including reasonable legal fees and expenses), judgments, fines, settlements, and other amounts arising from any and all claims,

demands, actions, suits or proceedings, civil, criminal, administrative or investigative, that relate to the operations of the Partnership as set forth in this Agreement in which any Indemnitee may be involved, or is threatened to be involved, as a party or otherwise, unless it is established that: (i) the act or omission of the Indemnitee was material to the matter giving rise to the proceeding and either was committed in bad faith or was the result of active and deliberate dishonesty; (ii) the Indemnitee actually received an improper personal benefit in money, property or services; or (iii) in the case of any criminal proceeding, the Indemnitee had reasonable cause to believe that the act or omission was unlawful. The termination of any proceeding by judgment, order or settlement does not create a presumption that the Indemnitee did not meet the requisite standard of conduct set forth in this Section 6.03(a). The termination of any proceeding by conviction or upon a plea of *nolo contendere* or its equivalent, or an entry of an order of probation prior to judgment, creates a rebuttable presumption that the Indemnitee acted in a manner contrary to that specified in this Section 6.03(a). Any indemnification pursuant to this Section 6.03 shall be made only out of the assets of the Partnership.

(b) The Partnership shall reimburse an Indemnitee for reasonable expenses incurred by an Indemnitee who is a party to a proceeding in advance of the final disposition of the proceeding upon receipt by the Partnership of (i) a written affirmation by the Indemnitee of the Indemnitee's good faith belief that the standard of conduct necessary for indemnification by the Partnership as authorized in this Section 6.03 has been met, and (ii) a written undertaking by or on behalf of the Indemnitee to repay the amount if it shall ultimately be determined that the standard of conduct has not been met.

(c) The indemnification provided by this Section 6.03 shall be in addition to any other rights to which an Indemnitee or any other Person may be entitled under any agreement, pursuant to any vote of the Partners, as a matter of law or otherwise, and shall continue as to an Indemnitee who has ceased to serve in such capacity.

(d) The Partnership may purchase and maintain insurance, as an expense of the Partnership, on behalf of the Indemnitees and such other Persons as the General Partner shall determine, against any liability that may be asserted against or expenses that may be incurred by such Person in connection with the Partnership's activities, regardless of whether the Partnership would have the power to indemnify such Person against such liability under the provisions of this Agreement.

(e) For purposes of this Section 6.03, the Partnership shall be deemed to have requested an Indemnitee to serve as fiduciary of an employee benefit plan whenever the performance by it of its duties to the Partnership also imposes duties on, or otherwise involves services by, it to the plan or participants or beneficiaries of the plan; excise taxes assessed on an Indemnitee with respect to an employee benefit plan pursuant to applicable law shall constitute fines within the meaning of this Section 6.03; and actions taken or omitted by the Indemnitee with respect to an employee benefit plan in the performance of its duties for a purpose reasonably believed by it to be in the interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose that is not opposed to the best interests of the Partnership.

(f) In no event may an Indemnitee subject the Limited Partners to personal liability by reason of the indemnification provisions set forth in this Agreement.

(g) An Indemnitee shall not be denied indemnification in whole or in part under this Section 6.03 because the Indemnitee had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement.

(h) The provisions of this Section 6.03 are for the benefit of the Indemnitees, their heirs, successors, assigns and administrators and shall not be deemed to create any rights for the benefit of any other Persons.

(i) Any amendment, modification or repeal of this Section 6.03 or any provision hereof shall be prospective only and shall not in any way affect the indemnification of an Indemnitee by the Partnership under this Section 6.03 as in effect immediately prior to such amendment, modification or repeal with respect to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when claims relating to such matters may arise or be asserted.

6.04 Liability of the General Partner .

(a) Notwithstanding anything to the contrary set forth in this Agreement, neither the General Partner, nor any of its directors, officers, agents or employees shall be liable for monetary damages to the Partnership or any Partners for losses sustained or liabilities incurred as a result of errors in judgment or mistakes of fact or law or of any act or omission if any such party acted in good faith. The General Partner shall not be in breach of any duty that the General Partner may owe to the Limited Partners or the Partnership or any other Persons under this Agreement or of any duty stated or implied by law or equity provided the General Partner, acting in good faith, abides by the terms of this Agreement.

(b) The Limited Partners expressly acknowledge that the General Partner is acting on behalf of the Partnership, the Limited Partners and Summit REIT's stockholders collectively, that the General Partner is under no obligation to consider the separate interests of the Limited Partners (including, without limitation, the tax consequences to Limited Partners or the tax consequences of some, but not all, of the Limited Partners) in deciding whether to cause the Partnership to take (or decline to take) any actions. In the event of a conflict between the interests of the stockholders of Summit REIT on the one hand and the Limited Partners on the other, the General Partner shall endeavor in good faith to resolve the conflict in a manner not adverse to either the stockholders of Summit REIT or the Limited Partners; provided , however , that for so long as the General Partner owns a controlling interest in the Partnership, any such conflict that the General Partner, in its sole and absolute discretion, determines cannot be resolved in a manner not adverse to either the stockholders of Summit REIT or the Limited Partners shall be resolved in favor of the stockholders of Summit REIT. The General Partner shall not be liable for monetary damages for losses sustained, liabilities incurred or benefits not derived by the Limited Partners in connection with such decisions.

(c) Subject to its obligations and duties as General Partner set forth in Section 6.01 hereof, the General Partner may exercise any of the powers granted to it under this Agreement and perform any of the duties imposed upon it hereunder either directly or by or

through its agents. The General Partner shall not be responsible for any misconduct or negligence on the part of any such agent appointed by it in good faith.

(d) Notwithstanding any other provisions of this Agreement or the Act, any action of the General Partner on behalf of the Partnership or any decision of the General Partner to refrain from acting on behalf of the Partnership, undertaken in the good faith belief that such action or omission is necessary or advisable in order (i) to protect the ability of Summit REIT to continue to qualify as a REIT or (ii) to prevent Summit REIT from incurring any taxes under Section 857, Section 4981 or any other provision of the Code, is expressly authorized under this Agreement and is deemed approved by all of the Limited Partners.

(e) Any amendment, modification or repeal of this Section 6.04 or any provision hereof shall be prospective only and shall not in any way affect the limitations on the General Partner's or any of its officers', directors', agents' or employees' liability to the Partnership and the Limited Partners under this Section 6.04 as in effect immediately prior to such amendment, modification or repeal with respect to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when claims relating to such matters may arise or be asserted.

6.05 Partnership Obligations .

(a) Except as provided in this Section 6.05 and elsewhere in this Agreement (including the provisions of Articles V and VI hereof regarding distributions, payments and allocations to which it may be entitled), the General Partner shall not be compensated for its services as general partner of the Partnership.

(b) All Administrative Expenses shall be obligations of the Partnership, and the General Partner or Summit REIT shall be entitled to reimbursement by the Partnership for any expenditure (including Administrative Expenses) incurred by it on behalf of the Partnership that shall be made other than out of the funds of the Partnership. All reimbursements hereunder shall be characterized for federal income tax purposes as expenses of the Partnership incurred on its behalf, and not as expenses of the General Partner or Summit REIT.

6.06 Outside Activities . Subject to Section 6.08 hereof, the Certificate of Formation and any agreements entered into by the General Partner or its Affiliates with the Partnership or a Subsidiary, any officer, director, employee, agent, trustee, Affiliate or member of the General Partner, the General Partner, Summit REIT and any stockholder of Summit REIT shall be entitled to and may have business interests and engage in business activities in addition to those relating to the Partnership, including business interests and activities substantially similar or identical to those of the Partnership. Neither the Partnership nor any of the Limited Partners shall have any rights by virtue of this Agreement in any such business ventures, interest or activities. None of the Limited Partners nor any other Person shall have any rights by virtue of this Agreement or the partnership relationship established hereby in any such business ventures, interests or activities, and the General Partner and Summit REIT shall have no obligation pursuant to this Agreement to offer any interest in any such business ventures, interests and activities to the Partnership or any Limited Partner, even if such opportunity is of a character that, if presented to the Partnership or any Limited Partner, could be taken by such Person.

6.07 Employment or Retention of Affiliates .

(a) Any Affiliate of the General Partner may be employed or retained by the Partnership and may otherwise deal with the Partnership (whether as a buyer, lessor, lessee, manager, furnisher of goods or services, broker, agent, lender or otherwise) and may receive from the Partnership any compensation, price or other payment therefor that the General Partner determines to be fair and reasonable.

(b) The Partnership may lend or contribute to its Subsidiaries or other Persons in which it has an equity investment, and such Persons may borrow funds from the Partnership, on terms and conditions established in the sole and absolute discretion of the General Partner. The foregoing authority shall not create any right or benefit in favor of any Subsidiary or any other Person.

(c) The Partnership may transfer assets to joint ventures, other partnerships, corporations or other business entities in which it is or thereby becomes a participant upon such terms and subject to such conditions as the General Partner deems are consistent with this Agreement and applicable law.

6.08 Summit REIT's Activities . Summit REIT agrees that, generally, all business activities of Summit REIT, including activities pertaining to the acquisition, development, ownership of or investment in hotel properties or other property, shall be conducted through the Partnership or one or more Subsidiaries of the Partnership; provided , however , that Summit REIT may make direct acquisitions or undertake business activities if such acquisitions or activities are made in connection with the issuance of Additional Securities by Summit REIT or the business activity has been approved by a majority of the Independent Directors. If, at any time, Summit REIT acquires material assets (other than Partnership Units or other assets on behalf of the Partnership) without transferring such assets to the Partnership, the definition of "REIT Shares Amount" may be adjusted, as reasonably determined by the General Partner, to reflect only the fair market value of a REIT Share attributable to Partnership Units directly or indirectly owned by Summit REIT and other assets held on behalf of the Partnership.

6.09 Title to Partnership Assets . Title to Partnership assets, whether real, personal or mixed and whether tangible or intangible, shall be deemed to be owned by the Partnership as an entity, and no Partner, individually or collectively, shall have any ownership interest in such Partnership assets or any portion thereof. Title to any or all of the Partnership assets may be held in the name of the Partnership, the General Partner, Summit REIT or one or more nominees, as the General Partner may determine, including Affiliates of the General Partner or Summit REIT. Summit REIT hereby declares and warrants that any Partnership assets for which legal title is held in the name of the General Partner or Summit REIT or any nominee or Affiliate of the General Partner or Summit REIT shall be held by the General Partner or Summit REIT for the use and benefit of the Partnership in accordance with the provisions of this Agreement; provided , however , that the General Partner or Summit REIT shall use its commercially reasonable efforts to cause beneficial and record title to such assets to be vested in the Partnership as soon as reasonably practicable. All Partnership assets shall be recorded as the property of the Partnership in its books and records, irrespective of the name in which legal title to such Partnership assets is held.

ARTICLE VII
CHANGES IN GENERAL PARTNER

7.01 Transfer of the General Partner's Partnership Interest .

(a) Other than to an Affiliate of Summit REIT, the General Partner shall not transfer all or any portion of its General Partnership Interests, and the General Partner shall not withdraw as General Partner, except as provided in or in connection with a transaction contemplated by Sections 7.01(c), (d) or (e) hereof.

(b) The General Partner agrees that its General Partnership Interest will at all times be in the aggregate at least 0.1%.

(c) Except as otherwise provided in Section 7.01(d) or (e) hereof, neither the General Partner nor Summit REIT shall engage in any merger, consolidation or other combination with or into another Person or sale of all or substantially all of its assets (other than in connection with a change in the General Partner's state of organization or organizational form or Summit REIT's state of incorporation or organizational form), in each case which results in a Change of Control of the General Partner or Summit REIT (a " **Transaction** "), unless at least one of the following conditions is met:

(i) the consent of a Majority in Interest (other than the General Partner or any Subsidiary of the General Partner or Summit REIT) is obtained;

(ii) as a result of such Transaction, all Limited Partners (other than the General Partner, Summit REIT and any Subsidiary of the General Partner or Summit REIT, and, in the case of LTIP Unitholders, subject to the terms of any applicable Equity Incentive Plan or Vesting Agreement) will receive, or have the right to receive, for each Partnership Unit an amount of cash, securities or other property equal or substantially equivalent in value, as determined by the General Partner in good faith, to the product of the Conversion Factor and the greatest amount of cash, securities or other property paid in the Transaction to a holder of one REIT Share in consideration of one REIT Share, provided that if, in connection with such Transaction, a purchase, tender or exchange offer (" **Offer** ") shall have been made to and accepted by the holders of more than 50% of the outstanding REIT Shares, each holder of Partnership Units (other than the General Partner, Summit REIT and any Subsidiary of the General Partner or Summit REIT) shall be given the option to exchange its Partnership Units for an amount of cash, securities or other property equal or substantially equivalent in value, as determined by the General Partner in good faith, to the greatest amount of cash, securities or other property that such Limited Partner would have received had it (A) exercised its Common Unit Redemption Right pursuant to Section 8.04 hereof and (B) sold, tendered or exchanged pursuant to the Offer the REIT Shares received upon exercise of the Common Unit Redemption Right immediately prior to the expiration of the Offer; or

(iii) either the General Partner or Summit REIT, as applicable, is the surviving entity in the Transaction and either (A) the holders of REIT Shares do not receive cash, securities or other property in the Transaction or (B) all Limited Partners

(other than the General Partner, Summit REIT, and any Subsidiary of the General Partner or Summit REIT, and, in the case of LTIP Unitholders, subject to the terms of any applicable Equity Incentive Plan or Vesting Agreement) receive for each Partnership Unit an amount of cash, securities or other property (expressed as an amount per REIT Share) equal or substantially equivalent in value, as determined by the General Partner in good faith, to the product of the Conversion Factor and the greatest amount of cash, securities or other property (expressed as an amount per REIT Share) received in the Transaction by any holder of REIT Shares.

(d) Notwithstanding Section 7.01(c) hereof, either of the General Partner or Summit REIT, as applicable, may merge with or into or consolidate with another entity if immediately after such merger or consolidation (i) substantially all of the assets of the successor or surviving entity (the " **Survivor** "), other than Partnership Units held directly or indirectly by the General Partner or Summit REIT, are contributed, directly or indirectly, to the Partnership as a Capital Contribution in exchange for Partnership Units, or for economically equivalent partnership interests issued by a Subsidiary Partnership established at the direction of the Board of Directors, with a fair market value equal to the value of the assets so contributed as determined by the Survivor in good faith and (ii) the Survivor expressly agrees to assume all obligations of the General Partner and Summit REIT hereunder. Upon such contribution and assumption, the Survivor shall have the right and duty to amend this Agreement as set forth in this Section 7.01(d). The Survivor shall in good faith arrive at a new method for the calculation of the Cash Amount, the REIT Shares Amount and Conversion Factor for a Partnership Unit after any such merger or consolidation so as to approximate the existing method for such calculation as closely as reasonably possible. Such calculation shall take into account, among other things, the kind and amount of securities, cash and other property that was receivable upon such merger or consolidation by a holder of REIT Shares or options, warrants or other rights relating thereto, and which a holder of Partnership Units could have acquired had such Partnership Units been exchanged immediately prior to such merger or consolidation. Such amendment to this Agreement shall provide for adjustment to such method of calculation, which shall be as nearly equivalent as may be practicable to the adjustments provided for with respect to the Conversion Factor. The Survivor also shall in good faith modify the definition of REIT Shares and make such amendments to Section 8.04 hereof so as to approximate the existing rights and obligations set forth in Section 8.04 hereof as closely as reasonably possible. The above provisions of this Section 7.01(d) shall similarly apply to successive mergers or consolidations permitted hereunder.

In respect of any transaction described in the preceding paragraph, each of the General Partner and Summit REIT is required to use its commercially reasonable efforts to structure such transaction to avoid causing the Limited Partners (other than the General Partner, Summit REIT or any Subsidiary thereof) to recognize a gain for federal income tax purposes by virtue of the occurrence of, or their participation in, such transaction, provided such efforts are consistent with and subject in all respects to the exercise of the Board of Directors' fiduciary duties to the stockholders of Summit REIT under applicable law.

(e) Notwithstanding anything in this Article VII,

(i) The General Partner may transfer all or any portion of its General Partnership Interest to (A) any wholly owned Subsidiary of the General Partner or (B) the owner of all of the ownership interests of the General Partner, and following a transfer of all of its General Partnership Interest, may withdraw as General Partner; and

(ii) Summit REIT may engage in a transaction required by law or by the rules of any national securities exchange or over-the-counter interdealer quotation system on which the REIT Shares are listed or traded.

7.02 Admission of a Substitute or Additional General Partner . A Person shall be admitted as a substitute or additional General Partner of the Partnership only if the following terms and conditions are satisfied:

(a) the Person to be admitted as a substitute or additional General Partner shall have accepted and agreed to be bound by all the terms and provisions of this Agreement by executing a counterpart thereof and such other documents or instruments as may be required or appropriate in order to effect the admission of such Person as a General Partner, and a certificate evidencing the admission of such Person as a General Partner shall have been filed for recordation and all other actions required by Section 2.05 hereof in connection with such admission shall have been performed;

(b) if the Person to be admitted as a substitute or additional General Partner is a corporation or a partnership, it shall have provided the Partnership with evidence satisfactory to counsel for the Partnership of such Person's authority to become a General Partner and to be bound by the terms and provisions of this Agreement; and

(c) counsel for the Partnership shall have rendered an opinion (relying on such opinions from other counsel as may be necessary) that the admission of the Person to be admitted as a substitute or additional General Partner is in conformity with the Act, that none of the actions taken in connection with the admission of such Person as a substitute or additional General Partner will cause (i) the Partnership to be classified other than as a partnership for federal income tax purposes, or (ii) the loss of any Limited Partner's limited liability.

7.03 Effect of Bankruptcy, Withdrawal, Death or Dissolution of General Partner .

(a) Upon the occurrence of an Event of Bankruptcy as to the General Partner (and its removal pursuant to Section 7.04(a) hereof) or the death, withdrawal, removal or dissolution of the General Partner (except that, if the General Partner is on the date of such occurrence a partnership, the withdrawal, death, dissolution, Event of Bankruptcy as to, or removal of a partner in, such partnership shall be deemed not to be a dissolution of the General Partner if the business of the General Partner is continued by the remaining partner or partners), the Partnership shall be dissolved and terminated unless the Partnership is continued pursuant to Section 7.03(b) hereof. The merger of the General Partner with or into any entity that is admitted as a substitute or successor General Partner pursuant to Section 7.02 hereof shall not be deemed to be the withdrawal, dissolution or removal of the General Partner.

(b) Following the occurrence of an Event of Bankruptcy as to the General Partner (and its removal pursuant to Section 7.04(a) hereof) or the death, withdrawal, removal or dissolution of the General Partner (except that, if the General Partner is on the date of such occurrence a partnership, the withdrawal, death, dissolution, Event of Bankruptcy as to, or removal of a partner in, such partnership shall be deemed not to be a dissolution of the General Partner if the business of such General Partner is continued by the remaining partner or partners), the Limited Partners, within 90 days after such occurrence, may elect to continue the business of the Partnership for the balance of the term specified in Section 2.04 hereof by selecting, subject to Section 7.02 hereof and any other provisions of this Agreement, a substitute General Partner by consent of a Majority in Interest. If the Limited Partners elect to continue the business of the Partnership and admit a substitute General Partner, the relationship with the Partners and of any Person who has acquired an interest of a Partner in the Partnership shall be governed by this Agreement.

7.04 Removal of General Partner .

(a) Upon the occurrence of an Event of Bankruptcy as to, or the dissolution of, the General Partner, the General Partner shall be deemed to be removed automatically; provided , however , that if the General Partner is on the date of such occurrence a partnership, the withdrawal, death, dissolution or Event of Bankruptcy of a partner in such partnership shall be deemed not to be a dissolution of the General Partner if the business of the General Partner is continued by the remaining partner or partners. The Limited Partners may not remove the General Partner, with or without cause.

(b) If the General Partner has been removed pursuant to this Section 7.04 and the Partnership is continued pursuant to Section 7.03 hereof, the General Partner shall promptly transfer and assign its General Partnership Interest in the Partnership to the substitute General Partner approved by a Majority in Interest in accordance with Section 7.03(b) hereof and otherwise be admitted to the Partnership in accordance with Section 7.02 hereof. At the time of assignment, the removed General Partner shall be entitled to receive from the substitute General Partner the fair market value of the General Partnership Interest of such removed General Partner. Such fair market value shall be determined by an appraiser mutually agreed upon by the General Partner and a Majority in Interest (excluding the General Partner and any Subsidiary of the General Partner) within ten days following the removal of the General Partner. In the event that the parties are unable to agree upon an appraiser, the removed General Partner and a Majority in Interest (excluding the General Partner and any Subsidiary of the General Partner) each shall select an appraiser. Each such appraiser shall complete an appraisal of the fair market value of the removed General Partner's General Partnership Interest within 30 days of the General Partner's removal, and the fair market value of the removed General Partner's General Partnership Interest shall be the average of the two appraisals; provided , however , that if the higher appraisal exceeds the lower appraisal by more than 20% of the amount of the lower appraisal, the two appraisers, no later than 40 days after the removal of the General Partner, shall select a third appraiser who shall complete an appraisal of the fair market value of the removed General Partner's General Partnership Interest no later than 60 days after the removal of the General Partner. In such case, the fair market value of the removed General Partner's General Partnership Interest shall be the average of the two appraisals closest in value.

(c) The General Partnership Interest of a removed General Partner, during the time after default until transfer under Section 7.04(b) hereof, shall be converted to that of a special Limited Partner; provided , however , such removed General Partner shall not have any rights to participate in the management and affairs of the Partnership, and shall not be entitled to any portion of the income, expense, profit, gain or loss allocations or cash distributions allocable or payable, as the case may be, to the Limited Partners. Instead, such removed General Partner shall receive and be entitled only to retain distributions or allocations of such items that it would have been entitled to receive in its capacity as General Partner, until the transfer is effective pursuant to Section 7.04(b) hereof.

(d) All Partners shall have given and hereby do give such consents, shall take such actions and shall execute such documents as shall be legally necessary and sufficient to effect all the foregoing provisions of this Section 7.04.

ARTICLE VIII
RIGHTS AND OBLIGATIONS OF THE LIMITED PARTNERS

8.01 Management of the Partnership . The Limited Partners shall not participate in the management or control of Partnership business nor shall they transact any business for the Partnership, nor shall they have the power to sign for or bind the Partnership, such powers being vested solely and exclusively in the General Partner. The Limited Partners covenant and agree not to hold themselves out in a manner that could reasonably be considered in contravention of the terms hereof by any third party.

8.02 Power of Attorney . Each Limited Partner by entry into this Agreement through execution, execution by power of attorney or other consent, hereby irrevocably appoints the General Partner its true and lawful attorney-in-fact, who may act for each Limited Partner and in its name, place and stead, and for its use and benefit, to sign, acknowledge, swear to, deliver, file or record, at the appropriate public offices, any and all documents, certificates and instruments (including, without limitation, this Agreement and all amendments or restatements thereof) as may be deemed necessary or desirable by the General Partner to carry out fully the provisions of this Agreement and the Act in accordance with their terms, which power of attorney is coupled with an interest and shall survive the death, dissolution or legal incapacity of the Limited Partner, or the transfer by the Limited Partner of any part or all of its Partnership Interest.

8.03 Limitation on Liability of Limited Partners . No Limited Partner shall be liable for any debts, liabilities, contracts or obligations of the Partnership. A Limited Partner shall be liable to the Partnership only to make payments of its Capital Contribution, if any, as and when due hereunder. After its Capital Contribution is fully paid, no Limited Partner shall, except as otherwise required by the Act, be required to make any further Capital Contributions or other payments or lend any funds to the Partnership.

8.04 Common Unit Redemption Right .

(a) Subject to Sections 8.04(b), (c), (d), (e) and (f) hereof and the provisions of any agreements between the Partnership and one or more Limited Partners with respect to Common Units (including any LTIP Units that are converted into Common Units) held by them,

each Limited Partner (other than the General Partner, Summit REIT or any Subsidiary of the General Partner or Summit REIT, shall have the right (the " **Common Unit Redemption Right** ") to require the Partnership to redeem on a Specified Redemption Date all or a portion of the Common Units held by such Limited Partner at a redemption price equal to and in the form of the Common Redemption Amount to be paid by the Partnership, provided that (i) such Common Units shall have been outstanding for at least one year (or such lesser time as determined by the General Partner in its sole and absolute discretion), and (ii) subject to any restriction agreed to in writing between the Redeeming Limited Partner and the General Partner. The Common Unit Redemption Right shall be exercised pursuant to a Notice of Exercise of Redemption Right in the form attached hereto as Exhibit B delivered to the Partnership (with a copy to the General Partner) by the Limited Partner who is exercising the Common Unit Redemption Right (the " **Redeeming Limited Partner** ") and such notice shall be irrevocable unless otherwise agreed upon by the General Partner. In such event, the Partnership shall deliver the Cash Amount to the Redeeming Limited Partner. Notwithstanding the foregoing, the Partnership shall not be obligated to satisfy such Common Unit Redemption Right if the General Partner elects to cause Summit REIT to purchase the Common Units subject to the Notice of Redemption pursuant to Section 8.04(b) hereof. No Limited Partner may deliver more than two Notices of Redemption during each calendar year unless otherwise agreed upon by the General Partner. A Limited Partner may not exercise the Common Unit Redemption Right for less than one thousand (1,000) Common Units or, if such Limited Partner holds less than one thousand (1,000) Common Units, all of the Common Units held by such Limited Partner. The Redeeming Limited Partner shall have no right, with respect to any Common Units so redeemed, to receive any distribution paid with respect to Common Units if the record date for such distribution is on or after the Specified Redemption Date.

(b) Notwithstanding the provisions of Section 8.04(a) hereof, if a Limited Partner exercises the Common Unit Redemption Right by delivering to the Partnership a Notice of Redemption, then the Partnership may, in its sole and absolute discretion, elect to cause Summit REIT to purchase directly and acquire some or all of, and in such event Summit REIT agrees to purchase and acquire, such Common Units by paying to the Redeeming Limited Partner either the Cash Amount or the REIT Shares Amount, as elected by Summit REIT (in its sole and absolute discretion) on the Specified Redemption Date, whereupon Summit REIT shall acquire the Common Units offered for redemption by the Redeeming Limited Partner and shall be treated for all purposes of this Agreement as the owner of such Common Units.

In the event Summit REIT purchases Common Units with respect to the exercise of a Common Unit Redemption Right, the Partnership shall have no obligation to pay any amount to the Redeeming Limited Partner with respect to such Redeeming Limited Partner's exercise of such Common Unit Redemption Right, and each of the Redeeming Limited Partner, the Partnership and Summit REIT shall treat the transaction between Summit REIT and the Redeeming Limited Partner for federal income tax purposes as a sale of the Redeeming Limited Partner's Common Units to Summit REIT. Each Redeeming Limited Partner agrees to execute such documents as Summit REIT may reasonably require in connection with the issuance of REIT Shares upon exercise of the Common Unit Redemption Right.

Each Redeeming Limited Partner covenants and agrees that all Common Units subject to a Notice of Redemption will be delivered to the Partnership or Summit REIT free and clear of all

liens, claims and encumbrances whatsoever and should any such liens, claims or encumbrances exist or arise with respect to such Common Units, neither the Partnership nor Summit REIT shall be under any obligation to acquire such Common Units.

(c) Notwithstanding the provisions of Sections 8.04(a) and 8.04(b) hereof, a Limited Partner shall not be entitled to exercise the Common Unit Redemption Right if the delivery of REIT Shares to such Limited Partner on the Specified Redemption Date by Summit REIT pursuant to Section 8.04(b) hereof (regardless of whether or not Summit REIT would in fact purchase the Common Units pursuant to Section 8.04(b) hereof) would (i) result in such Limited Partner or any other Person (as defined in the Articles) owning, directly or indirectly, REIT Shares in excess of the Stock Ownership Limit or any Excepted Holder Limit (each as defined in the Articles) and calculated in accordance therewith, except as provided in the Articles, (ii) result in REIT Shares being owned by fewer than 100 persons (determined without reference to any rules of attribution), (iii) result in Summit REIT being "closely held" within the meaning of Section 856(h) of the Code, (iv) cause Summit REIT to own, actually or constructively, 10% or more of the ownership interests in a tenant (other than a TRS) of Summit REIT's, the Partnership's or a Subsidiary Partnership's real property, within the meaning of Section 856(d)(2)(B) of the Code, (v) otherwise cause Summit REIT to fail to qualify as a REIT under the Code, including, but not limited to, as a result of any "eligible independent contractor" (as defined in Section 856(d)(9)(A) of the Code) that operates a "qualified lodging facility" (as defined in Section 856(d)(9)(D) of the Code) on behalf of a TRS failing to qualify as such, or (vi) cause the acquisition of REIT Shares by such Limited Partner to be "integrated" with any other distribution of REIT Shares or Common Units for purposes of complying with the registration provisions of the Securities Act. Summit REIT, in its sole and absolute discretion, may waive the restriction on redemption set forth in this Section 8.04(c).

(d) Any Cash Amount to be paid to a Redeeming Limited Partner pursuant to this Section 8.04 shall be paid on the Specified Redemption Date; provided , however , that the General Partner may elect to cause the Specified Redemption Date to be delayed for up to an additional 90 days to the extent required for Summit REIT to cause additional REIT Shares to be issued to provide financing to be used to make such payment of the Cash Amount and may also delay such Specified Redemption Date to the extent necessary to effect compliance with applicable requirements of the law. Any REIT Share Amount to be paid to a Redeeming Limited Partner pursuant to this Section 8.04 shall be paid on the Specified Redemption Date; provided , however , that the General Partner may elect to cause the Specified Redemption Date to be delayed for up to an additional 180 days to the extent required for Summit REIT to cause additional REIT Shares to be issued and may also delay such Specified Redemption Date to the extent necessary to effect compliance with applicable requirements of the law. Notwithstanding the foregoing, Summit REIT agrees to use its commercially reasonable efforts to cause the closing of the acquisition of redeemed Common Units hereunder to occur as quickly as reasonably possible.

(e) Notwithstanding any other provision of this Agreement, the General Partner is authorized to take any action that it determines to be necessary or appropriate to cause the Partnership to comply with any withholding requirements established under the Code or any other federal, state, local or foreign law that apply upon a Redeeming Limited Partner's exercise of the Common Unit Redemption Right. If a Redeeming Limited Partner believes that it is

exempt from such withholding upon the exercise of the Common Unit Redemption Right, such Partner must furnish the General Partner with a FIRPTA Certificate in the form attached hereto as Exhibit C-1 or Exhibit C-2 , as applicable, and any similar forms or certificates required to avoid or reduce the withholding under federal, state, local or foreign law or such other form as the General Partner may reasonably request. If the Partnership, Summit REIT or the General Partner is required to withhold and pay over to any taxing authority any amount upon a Redeeming Limited Partner's exercise of the Common Unit Redemption Right and if the Common Redemption Amount equals or exceeds the Withheld Amount, the Withheld Amount shall be treated as an amount received by such Partner in redemption of its Common Units. If, however, the Common Redemption Amount is less than the Withheld Amount, the Redeeming Limited Partner shall not receive any portion of the Common Redemption Amount, the Common Redemption Amount shall be treated as an amount received by such Partner in redemption of its Common Units, and the Partner shall contribute the excess of the Withheld Amount over the Common Redemption Amount to the Partnership before the Partnership is required to pay over such excess to a taxing authority.

(f) Notwithstanding any other provision of this Agreement, the General Partner may place appropriate restrictions on the ability of the Limited Partners to exercise their Common Unit Redemption Rights as and if deemed necessary or reasonable to ensure that the Partnership does not constitute a "publicly traded partnership" under Section 7704 of the Code. If and when the General Partner determines that imposing such restrictions is necessary, the General Partner shall give prompt written notice thereof (a " **Restriction Notice** ") to each of the Limited Partners, which notice shall be accompanied by a copy of an opinion of counsel to the Partnership that states that, in the opinion of such counsel, restrictions are necessary or reasonable in order to avoid the Partnership being treated as a "publicly traded partnership" under Section 7704 of the Code.

8.05 Registration . Subject to the terms of any agreement between the General Partner and a Limited Partner with respect to Common Units held by such Limited Partner:

(a) Shelf Registration of the REIT Shares . Following the date on which Summit REIT becomes eligible to use a registration statement on Form S-3 for the registration of securities under the Securities Act (the " **S-3 Eligible Date** ") Summit REIT shall file with the Commission a shelf registration statement under Rule 415 of the Securities Act (a " **Registration Statement** "), or any similar rule that may be adopted by the Commission, covering (i) the issuance of REIT Shares issuable upon redemption of the Common Units held by such Limited Partner as of the date of this Agreement (" **Redemption Shares** ") and/or (ii) the resale by the holder of the Redemption Shares; provided , however , that Summit REIT shall be required to file only two such registrations in any 12-month period. In connection therewith, Summit REIT will:

(1) use commercially reasonable efforts to have such Registration Statement declared effective;

(2) register or qualify the Redemption Shares covered by the Registration Statement under the securities or blue sky laws of such jurisdictions within the United States as required by law, and do such other reasonable acts and things as may be required of it to enable such holders to consummate the sale or other disposition in

such jurisdictions of the Redemption Shares; provided , however , that Summit REIT shall not be required to (i) qualify as a foreign corporation or consent to a general or unlimited service or process in any jurisdictions in which it would not otherwise be required to be qualified or so consent or (ii) qualify as a dealer in securities; and

(3) otherwise use its commercially reasonable efforts to comply with all applicable rules and regulations of the Commission in connection with a Registration Statement.

Summit REIT further agrees to supplement or make amendments to each Registration Statement, if required by the rules, regulations or instructions applicable to the registration form utilized by Summit REIT or by the Securities Act or rules and regulations thereunder for such Registration Statement. Each Limited Partner agrees to furnish to Summit REIT, upon request, such information with respect to the Limited Partner as may be required to complete and file the Registration Statement.

In connection with and as a condition to Summit REIT's obligations with respect to the filing of a Registration Statement pursuant to this Section 8.05, each Limited Partner agrees with Summit REIT that:

(w) it will provide in a timely manner to Summit REIT such information with respect to the Limited Partner as reasonably required to complete the Registration Statement or as otherwise required to comply with applicable securities laws and regulations;

(x) it will not offer or sell its Redemption Shares until (A) such Redemption Shares have been included in a Registration Statement and (B) it has received notice that the Registration Statement covering such Redemption Shares, or any post-effective amendment thereto, has been declared effective by the Commission, such notice to have been satisfied by the posting by the Commission on *www.sec.gov* of a notice of effectiveness;

(y) if Summit REIT determines in its good faith judgment, after consultation with counsel, that the use of the Registration Statement, including any pre- or post-effective amendment thereto, or the use of any prospectus contained in such Registration Statement would require the disclosure of important information that Summit REIT has a *bona fide* business purpose for preserving as confidential or the disclosure of which, in the judgment of Summit REIT, would impede Summit REIT's ability to consummate a significant transaction, upon written notice of such determination by Summit REIT (which notice shall be deemed sufficient if given through the issuance of a press release or filing with the Commission and, if such notice is not publicly distributed, the Limited Partner agrees to keep the subject information confidential and acknowledges that such information may constitute material non-public information subject to the applicable restrictions under securities laws), the rights of each Limited Partner to offer, sell or distribute its Redemption Shares pursuant to such Registration Statement or prospectus or to require Summit REIT to take action with respect to the registration or sale of any Redemption Shares pursuant to a Registration Statement (including any action contemplated by this Section 8.05) will be suspended until the date upon which Summit REIT notifies such Limited Partner in writing (which notice shall be deemed sufficient if given through the issuance of a press release or filing with the Commission and, if such notice is not publicly distributed, the

Limited Partner agrees to keep the subject information confidential and acknowledges that such information may constitute material non-public information subject to the applicable restrictions under securities laws) that suspension of such rights for the grounds set forth in this paragraph is no longer necessary; provided , however , that Summit REIT may not suspend such rights for an aggregate period of more than 180 days in any 12-month period; and

(z) in the case of the registration of any underwritten equity offering proposed by Summit REIT (other than any registration by Summit REIT on Form S-8, or a successor or substantially similar form, of an employee stock option, stock purchase or compensation plan or of securities issued or issuable pursuant to any such plan, each Limited Partner will agree, if requested in writing by the managing underwriter or underwriters administering such offering, not to effect any offer, sale or distribution of any REIT Shares or Redemption Shares (or any option or right to acquire REIT Shares or Redemption Shares) during the period commencing on the tenth day prior to the expected effective date (which date shall be stated in such notice) of the registration statement covering such underwritten primary equity offering or, if such offering shall be a "take-down" from an effective shelf registration statement, the tenth day prior to the expected commencement date (which date shall be stated in such notice) of such offering, and ending on the date specified by such managing underwriter in such written request to the Limited Partners; provided , however , that no Limited Partner shall be required to agree not to effect any offer, sale or distribution of its Redemption Shares for a period of time that is longer than the greater of 90 days or the period of time for which any senior executive of Summit REIT is required so to agree in connection with such offering. Nothing in this paragraph shall be read to limit the ability of any Limited Partner to redeem its Common Units in accordance with the terms of this Agreement.

(b) Listing on Securities Exchange . If Summit REIT lists or maintains the listing of REIT Shares on any securities exchange or national market system, it shall, at its expense and as necessary to permit the registration and sale of the Redemption Shares hereunder, list thereon, maintain and, when necessary, increase such listing to include such Redemption Shares.

(c) Registration Not Required . Notwithstanding the foregoing, Summit REIT shall not be required to file or maintain the effectiveness of a registration statement relating to Redemption Shares after the first date upon which, in the opinion of counsel to Summit REIT, all of the Redemption Shares covered thereby could be sold by the holders thereof either (i) pursuant to Rule 144 under the Securities Act, or any successor rule thereto ("Rule 144") without limitation as to amount or manner of sale or (ii) pursuant to Rule 144 in one transaction in accordance with the volume limitations contained in Rule 144(e).

(d) Allocation of Expenses . The Partnership shall pay all expenses in connection with the Registration Statement, including without limitation (i) all expenses incident to filing with the Financial Industry Regulatory Authority, Inc., (ii) registration fees, (iii) printing expenses, (iv) accounting and legal fees and expenses, except to the extent holders of Redemption Shares elect to engage accountants or attorneys in addition to the accountants and attorneys engaged by Summit REIT or the Partnership, which fees and expenses for such accountants or attorneys shall be for the account of the holders of the Redemption Shares, (v) accounting expenses incident to or required by any such registration or qualification and

(vi) expenses of complying with the securities or blue sky laws of any jurisdictions in connection with such registration or qualification; provided , however , neither the Partnership nor Summit REIT shall be liable for (A) any discounts or commissions to any underwriter or broker attributable to the sale of Redemption Shares, or (B) any fees or expenses incurred by holders of Redemption Shares in connection with such registration that, according to the written instructions of any regulatory authority, the Partnership or Summit REIT is not permitted to pay.

(e) Indemnification .

(i) In connection with the Registration Statement, the General Partner and the Partnership agree to indemnify each holder of Redemption Shares and each Person who controls any such holder of Redemption Shares within the meaning of Section 15 of the Securities Act, against all losses, claims, damages, liabilities and expenses (including reasonable costs of investigation) caused by any untrue, or alleged untrue, statement of a material fact contained in the Registration Statement, preliminary prospectus or prospectus (as amended or supplemented if Summit REIT shall have furnished any amendments or supplements thereto) or caused by any omission or alleged omission, to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages, liabilities or expenses are caused by any untrue statement, alleged untrue statement, omission, or alleged omission based upon information furnished to Summit REIT by the Limited Partner of the holder for use therein. Summit REIT and each officer, director and controlling person of Summit REIT and the Partnership shall be indemnified by each Limited Partner or holder of Redemption Shares covered by the Registration Statement for all such losses, claims, damages, liabilities and expenses (including reasonable costs of investigation) caused by any untrue, or alleged untrue, statement or any omission, or alleged omission, based upon information furnished to Summit REIT by the Limited Partner or the holder for use therein.

(ii) Promptly upon receipt by a party indemnified under this Section 8.05(e) of notice of the commencement of any action against such indemnified party in respect of which indemnity or reimbursement may be sought against any indemnifying party under this Section 8.05(e), such indemnified party shall notify the indemnifying party in writing of the commencement of such action, but the failure to so notify the indemnifying party shall not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 8.05(e) unless such failure shall materially adversely affect the defense of such action. In case notice of commencement of any such action shall be given to the indemnifying party as above provided, the indemnifying party shall be entitled to participate in and, to the extent it may wish, jointly with any other indemnifying party similarly notified, to assume the defense of such action at its own expense, with counsel chosen by it and reasonably satisfactory to such indemnified party. The indemnified party shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the reasonable fees and expenses of such counsel (other than reasonable costs of investigation) shall be paid by the indemnified party unless (i) the indemnifying party agrees to pay the same, (ii) the indemnifying party fails to assume the defense of such action with counsel reasonably satisfactory to the indemnified party or (iii) the named parties to any such action

(including any impleaded parties) have been advised by such counsel that representation of such indemnified party and the indemnifying party by the same counsel would be inappropriate under applicable standards of professional conduct (in which case the indemnified party shall have the right to separate counsel and the indemnifying party shall pay the reasonable fees and expenses of such separate counsel, provided that, the indemnifying party shall not be liable for more than one separate counsel). No indemnifying party shall be liable for any settlement of any proceeding entered into without its consent.

(f) Contribution .

(i) If for any reason the indemnification provisions contemplated by Section 8.05(e) hereof are either unavailable or insufficient to hold harmless an indemnified party in respect of any losses, claims, damages or liabilities referred to therein, then the party that would otherwise be required to provide indemnification or the indemnifying party (in either case, for purposes of this Section 8.05(f), the " **Indemnifying Party** ") in respect of such losses, claims, damages or liabilities, shall contribute to the amount paid or payable by the party that would otherwise be entitled to indemnification or the indemnified party (in either case, for purposes of this Section 8.05(f), the " **Indemnified Party** ") as a result of such losses, claims, damages, liabilities or expense, in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and the Indemnified Party, as well as any other relevant equitable considerations. The relative fault of the Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact related to information supplied by the Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The amount paid or payable by a party as a result of the losses, claims, damages, liabilities and expenses referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such party.

(ii) The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 8.05(f) were determined by pro rata allocation (even if the holders were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in the immediately preceding paragraph. No person or entity determined to have committed a fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person or entity who was not guilty of such fraudulent misrepresentation.

(iii) The contribution provided for in this Section 8.05(f) shall survive the termination of this Agreement and shall remain in full force and effect regardless of any investigation made by or on behalf of any Indemnified Party.

ARTICLE IX
TRANSFERS OF PARTNERSHIP INTERESTS

9.01 Purchase for Investment .

(a) Each Limited Partner, by its signature below or by its subsequent admission to the Partnership, hereby represents and warrants to the General Partner and to the Partnership that the acquisition of such Limited Partner's Partnership Units is made for investment purposes only and not with a view to the resale or distribution of such Partnership Units.

(b) Subject to the provisions of Section 9.02 hereof, each Limited Partner agrees that such Limited Partner will not sell, assign or otherwise transfer such Limited Partner's Partnership Units or any fraction thereof, whether voluntarily or by operation of law or at judicial sale or otherwise, to any Person who does not make the representations and warranties to the General Partner set forth in Section 9.01(a) hereof.

9.02 Restrictions on Transfer of Partnership Units .

(a) Subject to the provisions of Sections 9.02(b) and (c) hereof, no Limited Partner may offer, sell, assign, hypothecate, pledge or otherwise transfer all or any portion of such Limited Partner's Partnership Units, or any of such Limited Partner's economic rights as a Limited Partner, whether voluntarily or by operation of law or at judicial sale or otherwise (collectively, a " **Transfer** ") without the consent of the General Partner, which consent may be granted or withheld in its sole and absolute discretion; provided , however , that the term Transfer does not include (a) any redemption of Common Units by the Partnership or Summit REIT, or acquisition of Common Units by Summit REIT, pursuant to Section 8.04 or (b) any redemption of Partnership Units pursuant to any Partnership Unit Designation. The General Partner may require, as a condition of any Transfer to which it consents, that the transferor assume all costs incurred by the Partnership in connection therewith (including, but not limited to, cost of legal counsel).

(b) No Limited Partner may withdraw from the Partnership other than as a result of a permitted Transfer (*i.e.* , a Transfer consented to as contemplated by clause (a) above or a Transfer pursuant to Section 9.05 hereof) of all of such Limited Partner's Partnership Units pursuant to this Article IX or pursuant to a redemption of all of such Limited Partner's Common Units pursuant to Section 8.04 hereof. Upon the permitted Transfer or redemption of all of a Limited Partner's Common Units, such Limited Partner shall cease to be a Limited Partner.

(c) No Limited Partner may effect a Transfer of its Partnership Units, in whole or in part, if, in the opinion of legal counsel for the Partnership, such proposed Transfer would require the registration of the Partnership Units under the Securities Act or would otherwise violate any applicable federal or state securities or blue sky law (including investment suitability standards).

(d) No Transfer by a Limited Partner of its Partnership Units, in whole or in part, may be made to any Person if (i) in the opinion of legal counsel for the Partnership, such Transfer would result in the Partnership being treated as an association taxable as a corporation

(other than a qualified REIT subsidiary within the meaning of Section 856(i) of the Code), (ii) in the opinion of legal counsel for the Partnership, it would adversely affect the ability of Summit REIT to continue to qualify as a REIT or subject Summit REIT to any additional taxes under Section 857 or Section 4981 of the Code, (iii) the General Partner determines, in its sole and absolute discretion, that such Transfer, along or in connection with other Transfers, could cause the Partnership Units to be treated as readily tradable on an "established securities market" or a "secondary market (or the substantial equivalent thereof)" within the meaning of Section 7704 of the Code, provided that the General Partner may presume that any proposed Transfer of Partnership Units during calendar year 2011 will cause the Partnership Units to be treated as readily tradable on a "secondary market (or the substantial equivalent thereof)"or (iv) in the opinion of legal counsel for the Partnership, such Transfer is reasonably likely to cause the Partnership to fail to satisfy the 90% qualifying income test described in Section 7704(c) of the Code.

(e) Any purported Transfer in contravention of any of the provisions of this Article IX shall be void *ab initio* and ineffectual and shall not be binding upon, or recognized by, the General Partner or the Partnership.

(f) Prior to the consummation of any Transfer under this Article IX, the transferor and/or the transferee shall deliver to the General Partner such opinions, certificates and other documents as the General Partner shall request in connection with such Transfer.

9.03 Admission of Substitute Limited Partner .

(a) Subject to the other provisions of this Article IX, an assignee of the Partnership Units of a Limited Partner (which shall be understood to include any purchaser, transferee, donee or other recipient of any disposition of such Partnership Units) shall be deemed admitted as a Limited Partner of the Partnership only with the consent of the General Partner, which consent may be given or withheld by the General Partner in its sole and absolute discretion, and upon the satisfactory completion of the following:

(i) The assignee shall have accepted and agreed to be bound by the terms and provisions of this Agreement by executing a counterpart or an amendment thereof, including a revised Exhibit A , and such other documents or instruments as the General Partner may require in order to effect the admission of such Person as a Limited Partner.

(ii) To the extent required, an amended Certificate evidencing the admission of such Person as a Limited Partner shall have been signed, acknowledged and filed in accordance with the Act.

(iii) The assignee shall have delivered a letter containing the representation set forth in Section 9.01(a) hereof and the representations and warranties set forth in Section 9.01(b) hereof.

(iv) If the assignee is a corporation, partnership, limited liability company or trust, the assignee shall have provided the General Partner with evidence

satisfactory to counsel for the Partnership of the assignee's authority to become a Limited Partner under the terms and provisions of this Agreement.

(v) The assignee shall have executed a power of attorney containing the terms and provisions set forth in Section 8.02 hereof.

(vi) The assignee shall have paid all legal fees and other expenses of the Partnership and the General Partner and filing and publication costs in connection with its substitution as a Limited Partner.

(vii) The assignee shall have obtained the prior written consent of the General Partner to its admission as a Substitute Limited Partner, which consent may be given or denied in the exercise of the General Partner's sole and absolute discretion.

(b) For the purpose of allocating Profits and Losses and distributing cash received by the Partnership, a Substitute Limited Partner shall be treated as having become, and appearing in the records of the Partnership as, a Partner upon the filing of the Certificate described in Section 9.03 (a)(ii) hereof or, if no such filing is required, the later of the date specified in the transfer documents or the date on which the General Partner has received all necessary instruments of transfer and substitution.

(c) The General Partner and the Substitute Limited Partner shall cooperate with each other by preparing the documentation required by this Section 9.03 and making all official filings and publications. The Partnership shall take all such action as promptly as practicable after the satisfaction of the conditions in this Article IX to the admission of such Person as a Limited Partner of the Partnership.

9.04 Rights of Assignees of Partnership Units .

(a) Subject to the provisions of Sections 9.01 and 9.02 hereof, except as required by operation of law, the Partnership shall not be obligated for any purposes whatsoever to recognize the assignment by any Limited Partner of its Partnership Units until the Partnership has received notice thereof.

(b) Any Person who is the assignee of all or any portion of a Limited Partner's Partnership Units, but does not become a Substitute Limited Partner and desires to make a further assignment of such Partnership Units, shall be subject to all the provisions of this Article IX to the same extent and in the same manner as any Limited Partner desiring to make an assignment of its Partnership Units.

9.05 Effect of Bankruptcy, Death, Incompetence or Termination of a Limited Partner . The occurrence of an Event of Bankruptcy as to a Limited Partner, the death of a Limited Partner or a final adjudication that a Limited Partner is incompetent (which term shall include, but not be limited to, insanity) shall not cause the termination or dissolution of the Partnership, and the business of the Partnership shall continue if an order for relief in a bankruptcy proceeding is entered against a Limited Partner, the trustee or receiver of his estate or, if such Limited Partner dies, such Limited Partner's executor, administrator or trustee, or, if such Limited Partner is finally adjudicated incompetent, such Limited Partner's committee,

guardian or conservator, shall have the rights of such Limited Partner for the purpose of settling or managing such Limited Partner's estate property and such power as the bankrupt, deceased or incompetent Limited Partner possessed to assign all or any part of such Limited Partner's Partnership Units and to join with the assignee in satisfying conditions precedent to the admission of the assignee as a Substitute Limited Partner.

9.06 Joint Ownership of Partnership Units . A Partnership Unit may be acquired by two individuals as joint tenants with right of survivorship, provided that such individuals either are married or are related and share the same home as tenants in common. The written consent or vote of both owners of any such jointly held Partnership Unit shall be required to constitute the action of the owners of such Partnership Unit; provided , however , that the written consent of only one joint owner will be required if the Partnership has been provided with evidence satisfactory to the counsel for the Partnership that the actions of a single joint owner can bind both owners under the applicable laws of the state of residence of such joint owners. Upon the death of one owner of a Partnership Unit held in a joint tenancy with a right of survivorship, the Partnership Unit shall become owned solely by the survivor as a Limited Partner and not as an assignee. The Partnership need not recognize the death of one of the owners of a jointly-held Partnership Unit until it shall have received certificated notice of such death. Upon notice to the General Partner from either owner, the General Partner shall cause the Partnership Unit to be divided into two equal Partnership Units, which shall thereafter be owned separately by each of the former owners.

ARTICLE X
BOOKS AND RECORDS; ACCOUNTING; TAX MATTERS

10.01 Books and Records . At all times during the continuance of the Partnership, the General Partner shall keep or cause to be kept at the Partnership's specified office true and complete books of account in accordance with generally accepted accounting principles, including: (a) a current list of the full name and last known business address of each Partner, (b) a copy of the Certificate Limited Partnership and all certificates of amendment thereto, (c) copies of the Partnership's federal, state and local income tax returns and reports, (d) copies of this Agreement and any financial statements of the Partnership for the three most recent years and (e) all documents and information required under the Act. Any Partner or its duly authorized representative, upon paying the costs of collection, duplication and mailing, shall be entitled to a copy of such records if reasonably requested.

10.02 Custody of Partnership Funds; Bank Accounts .

(a) All funds of the Partnership not otherwise invested shall be deposited in one or more accounts maintained in such banking or brokerage institutions as the General Partner shall determine, and withdrawals shall be made only on such signature or signatures as the General Partner may, from time to time, determine.

(b) All deposits and other funds not needed in the operation of the business of the Partnership may be invested by the General Partner. The funds of the Partnership shall not be commingled with the funds of any Person other than the General Partner except for such

commingling as may necessarily result from an investment in those investment companies permitted by this Section 10.02(b).

10.03 Fiscal and Taxable Year . The fiscal and taxable year of the Partnership shall be the calendar year unless otherwise required by the Code.

10.04 Annual Tax Information and Report . Within 75 days after the end of each fiscal year of the Partnership, the General Partner shall furnish to each person who was a Limited Partner at any time during such year the tax information necessary to file such Limited Partner's individual tax returns as shall be reasonably required by law.

10.05 Tax Matters Partner; Tax Elections; Special Basis Adjustments .

(a) The General Partner shall be the Tax Matters Partner of the Partnership. As Tax Matters Partner, the General Partner shall have the right and obligation to take all actions authorized and required, respectively, by the Code for the Tax Matters Partner. The General Partner shall have the right to retain professional assistance in respect of any audit of the Partnership by the Service and all out-of-pocket expenses and fees incurred by the General Partner on behalf of the Partnership as Tax Matters Partner shall constitute Partnership expenses. In the event the General Partner receives notice of a final Partnership adjustment under Section 6223(a)(2) of the Code, the General Partner shall either (i) file a court petition for judicial review of such final adjustment within the period provided under Section 6226(a) of the Code, a copy of which petition shall be mailed to all Limited Partners on the date such petition is filed, or (ii) mail a written notice to all Limited Partners, within such period, that describes the General Partner's reasons for determining not to file such a petition.

(b) All elections required or permitted to be made by the Partnership under the Code or any applicable state or local tax law shall be made by the General Partner in its sole and absolute discretion.

(c) In the event of a transfer of all or any part of the Partnership Interest of any Partner, the Partnership, at the option of the General Partner, may elect pursuant to Section 754 of the Code to adjust the basis of the Properties. Notwithstanding anything contained in Article V of this Agreement, any adjustments made pursuant to Section 754 shall affect only the successor in interest to the transferring Partner and in no event shall be taken into account in establishing, maintaining or computing Capital Accounts for the other Partners for any purpose under this Agreement. Each Partner will furnish the Partnership with all information necessary to give effect to such election.

(d) The Partners, intending to be legally bound, hereby authorize the Partnership to make an election (the " **Safe Harbor Election** ") to have the "liquidation value" safe harbor provided in Proposed Treasury Regulation § 1.83-3(1) and the Proposed Revenue Procedure set forth in Internal Revenue Service Notice 2005-43, as such safe harbor may be modified when such proposed guidance is issued in final form or as amended by subsequently issued guidance (the " **Safe Harbor** "), apply to any interest in the Partnership transferred to a service provider while the Safe Harbor Election remains effective, to the extent such interest meets the Safe Harbor requirements (collectively, such interests are referred to as " **Safe Harbor**

Interests "). The Tax Matters Partner is authorized and directed to execute and file the Safe Harbor Election on behalf of the Partnership and the Partners. The Partnership and the Partners (including any person to whom an interest in the Partnership is transferred in connection with the performance of services) hereby agree to comply with all requirements of the Safe Harbor (including forfeiture allocations) with respect to all Safe Harbor Interests and to prepare and file all U.S. federal income tax returns reporting the tax consequences of the issuance and vesting of Safe Harbor Interests consistent with such final Safe Harbor guidance. The Partnership is also authorized to take such actions as are necessary to achieve, under the Safe Harbor, the effect that the election and compliance with all requirements of the Safe Harbor referred to above would be intended to achieve under Proposed Treasury Regulation § 1.83-3, including amending this Agreement.

(e) Each Limited Partner shall be required to provide such information as reasonably requested by the Partnership in order to determine whether such Limited Partner (i) owns, directly or constructively (within the meaning of Section 318(a) of the Code, as modified by Section 856 (d)(5) of the Code and Section 7704(d)(3) of the Code), five percent (5%) or more of the of the value of the Partnership or (ii) owns, directly or constructively (within the meaning of Section 318(a) of the Code, as modified by Section 856(d)(5) of the Code and Section 7704(d)(3) of the Code), ten percent (10%) or more of (a) the stock, by voting power or value, of a tenant (other than a "taxable REIT subsidiary" within the meaning of Section 856(d) of the Code) of the Partnership that is a corporation or (b) the assets or net profits of a tenant of the Partnership that is a noncorporate entity.

ARTICLE XI
AMENDMENT OF AGREEMENT; MERGER

11.01 Amendment of Agreement .

The General Partner's consent shall be required for any amendment to this Agreement. The General Partner, without the consent of the Limited Partners, may amend this Agreement in any respect; provided , however , that the following amendments shall require the consent of a Majority in Interest (other than the General Partner or any Subsidiary of the General Partner):

(a) any amendment affecting the operation of the Conversion Factor or the Common Unit Redemption Right (except as otherwise provided herein) in a manner that adversely affects the Limited Partners in any material respect;

(b) any amendment that would adversely affect the rights of the Limited Partners to receive the distributions payable to them hereunder, other than with respect to the issuance of additional Partnership Units pursuant to Section 4.02 hereof;

(c) any amendment that would alter the Partnership's allocations of Profit and Loss to the Limited Partners, other than with respect to the issuance of additional Partnership Units pursuant to Section 4.02 hereof;

(d) any amendment that would impose on the Limited Partners any obligation to make additional Capital Contributions to the Partnership; or

(e) any amendment to this Article XI.

11.02 Merger of Partnership .

The General Partner, without the consent of the Limited Partners, may (i) merge or consolidate the Partnership with or into any other domestic or foreign partnership, limited partnership, limited liability company or corporation or (ii) sell all or substantially all of the assets of the Partnership in a transaction pursuant to which the Limited Partners (other than the General Partner, Summit REIT or any Subsidiary of the General Partner or Summit REIT) receives consideration as set forth in Section 7.01(c)(ii) hereof or the transaction complies with Sections 7.01(c)(iii) or 7.01(d) hereof and may amend this Agreement in connection with any such transaction consistent with the provisions of this Article XI; provided , however , that the consent of a Majority in Interest shall be required in the case of any other (a) merger or consolidation of the Partnership with or into any other domestic or foreign partnership, limited partnership, limited liability company or corporation or (b) sale of all or substantially all of the assets of the Partnership.

ARTICLE XII
GENERAL PROVISIONS

12.01 Notices . All communications required or permitted under this Agreement shall be in writing and shall be deemed to have been given when delivered personally, by email, by press release, by posting on the Web site of the General Partner, or upon deposit in the United States mail, registered, first-class postage prepaid return receipt requested, or via courier to the Partners at the addresses set forth in Exhibit A attached hereto, as it may be amended or restated from time to time; provided , however , that any Partner may specify a different address by notifying the General Partner in writing of such different address. Notices to the General Partner and the Partnership shall be delivered at or mailed to its principal office address set forth in Section 2.03 hereof. The General Partner and the Partnership may specify a different address by notifying the Limited Partners in writing of such different address.

12.02 Survival of Rights . Subject to the provisions hereof limiting transfers, this Agreement shall be binding upon and inure to the benefit of the Partners and the Partnership and their permitted respective legal representatives, successors, transferees and assigns.

12.03 Additional Documents . Each Partner agrees to perform all further acts and execute, swear to, acknowledge and deliver all further documents that may be reasonable, necessary, appropriate or desirable to carry out the provisions of this Agreement or the Act.

12.04 Severability . If any provision of this Agreement shall be declared illegal, invalid or unenforceable in any jurisdiction, then such provision shall be deemed to be severable from this Agreement (to the extent permitted by law) and in any event such illegality, invalidity or unenforceability shall not affect the remainder hereof. To the extent permitted under applicable law, the severed provision shall be interpreted or modified so as to be enforceable to the maximum extent permitted by law.

12.05 Entire Agreement . This Agreement and exhibits attached hereto constitute the entire Agreement of the Partners and supersede all prior written agreements and prior and

contemporaneous oral agreements, understandings and negotiations with respect to the subject matter hereof.

12.06 Pronouns and Plurals . When the context in which words are used in the Agreement indicates that such is the intent, words in the singular number shall include the plural and the masculine gender shall include the neuter or female gender as the context may require.

12.07 Headings . The Article headings or sections in this Agreement are for convenience only and shall not be used in construing the scope of this Agreement or any particular Article.

12.08 Counterparts . This Agreement may be executed by hand or by power of attorney in several counterparts, each of which shall be deemed to be an original copy and all of which together shall constitute one and the same instrument binding on all parties hereto, notwithstanding that all parties shall not have signed the same counterpart.

12.09 Governing Law . This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware.

[*Signature page follows.*]

IN WITNESS WHEREOF, the parties hereto have hereunder affixed their signatures to this First Amended and Restated Agreement of Limited Partnership, all as of the 14th day of February, 2011.

GENERAL PARTNER:

SUMMIT HOTEL GP, LLC,
a Delaware limited liability company

By: Summit Hotel Properties, Inc.,
a Maryland corporation, its Sole Member

By: /s/ Kerry W. Boekelheide
Name: Kerry W. Boekelheide
Title: Executive Chairman

LIMITED PARTNER:

SUMMIT HOTEL PROPERTIES, INC.,
a Maryland corporation

By: /s/ Kerry W. Boekelheide
Name: Kerry W. Boekelheide
Title: Executive Chairman

LIMITED PARTNER:

THE SUMMIT GROUP, INC.
a South Dakota corporation

By: /s/ Kerry W. Boekelheide
Name: Kerry W. Boekelheide
Title: Executive Chairman

LIMITED PARTNER:

By: /s/ Gary Tharaldson
GARY THARALDSON

EXHIBIT A

(As of February 14, 2011)

Name and Address of Partner	Partnership Units (Type and Amount)	Percentage Interest
GENERAL PARTNER:		
Summit Hotel GP, LLC c/o Summit Hotel Properties, Inc. 2701 South Minnesota Avenue, Suite 6 Sioux Falls, SD 57105	37,378 Common Units	0.1000%
LIMITED PARTNERS:		
Summit Hotel Properties, Inc. 2701 South Minnesota Avenue, Suite 6 Sioux Falls, SD 57105	27,240,622 Common Units	72.8788%
Other Limited Partners listed on Schedule 1 attached hereto and incorporated by reference herein	10,100,000 Common Units	27.0212%
TOTAL:	37,378,000 Common Units	100%

Schedule 1 to Exhibit A

Exhibit A-2

EXHIBIT B

NOTICE OF EXERCISE OF REDEMPTION RIGHT

In accordance with Section 8.04 of the Agreement of Limited Partnership, as amended (the "Agreement") of Summit Hotel OP, LP, the undersigned hereby irrevocably (i) presents for redemption _____ Common Units in Summit Hotel OP, LP in accordance with the terms of the Agreement and the Common Unit Redemption Right referred to in Section 8.04 thereof, (ii) surrenders such Common Units and all right, title and interest therein and (iii) directs that the Cash Amount or REIT Shares Amount (as defined in the Agreement) as determined by the General Partner deliverable upon exercise of the Common Unit Redemption Right be delivered to the address specified below, and if REIT Shares (as defined in the Agreement) are to be delivered, such REIT Shares be registered or placed in the name(s) and at the address(es) specified below. The undersigned hereby represents, warrants and certifies that the undersigned (a) has title to such Common Units, free and clear of the rights and interests of any person or entity other than the Partnership or the General Partner; (b) has the full right, power and authority to cause the redemption of the Common Units as provided herein; and (c) has obtained the approval of all persons or entities, if any, having the right to consent to or approve the Common Units for redemption.

Dated: _____, _____

Name of Limited Partner:

_____

_____
(Signature of Limited Partner or Authorized Representative)

_____
(Mailing Address)

_____
(City) (State) (Zip Code)

Signature Guaranteed by:

_____

If REIT Shares are to be issued, issue to:

Name:

Please insert Social Security or Identifying Number:

EXHIBIT C-1

CERTIFICATION OF NON-FOREIGN STATUS
(FOR REDEEMING LIMITED PARTNERS THAT ARE ENTITIES)

Under Section 1445(e) of the Internal Revenue Code of 1986, as amended (the "Code"), in the event of a disposition by a non-U.S. person of a partnership interest in a partnership in which (i) 50% or more of the value of the gross assets consists of United States real property interests ("USRPIs"), as defined in Section 897(c) of the Code, and (ii) 90% or more of the value of the gross assets consists of USRPIs, cash, and cash equivalents, the transferee will be required to withhold 10% of the amount realized by the non-U.S. person upon the disposition. To inform Summit Hotel GP, LLC (the "General Partner") and Summit Hotel OP, LP (the "Partnership") that no withholding is required with respect to the redemption by _____ ("Partner") of its Common Units in the Partnership, the undersigned hereby certifies the following on behalf of Partner:

1. Partner is not a foreign corporation, foreign partnership, foreign trust, or foreign estate, as those terms are defined in the Code and the Treasury regulations thereunder.
2. Partner is not a disregarded entity as defined in Treasury Regulation Section 1.1445-2(b)(2)(iii).
3. The U.S. employer identification number of Partner is _____.
4. The principal business address of Partner is: _____, _____ and Partner's place of incorporation is _____.
5. Partner agrees to inform the General Partner if it becomes a foreign person at any time during the three-year period immediately following the date of this notice.
6. Partner understands that this certification may be disclosed to the Internal Revenue Service by the General Partner and that any false statement contained herein could be punished by fine, imprisonment, or both.

PARTNER:

By: _____
Name: _____
Title: _____

Under penalties of perjury, I declare that I have examined this certification and, to the best of my knowledge and belief, it is true, correct, and complete, and I further declare that I have authority to sign this document on behalf of Partner.

Date: _____

Name:
Title:

Exhibit C-1-2

EXHIBIT C-2

CERTIFICATION OF NON-FOREIGN STATUS
(FOR REDEEMING LIMITED PARTNERS THAT ARE INDIVIDUALS)

Under Section 1445(e) of the Internal Revenue Code of 1986, as amended (the "Code"), in the event of a disposition by a non-U.S. person of a partnership interest in a partnership in which (i) 50% or more of the value of the gross assets consists of United States real property interests ("USRPIs"), as defined in Section 897(c) of the Code, and (ii) 90% or more of the value of the gross assets consists of USRPIs, cash, and cash equivalents, the transferee will be required to withhold 10% of the amount realized by the non-U.S. person upon the disposition. To inform Summit Hotel GP, LLC (the "General Partner") and Summit Hotel OP, LP (the "Partnership") that no withholding is required with respect to my redemption of my Common Units in the Partnership, I, _____, hereby certify the following:

1. I am not a nonresident alien for purposes of U.S. income taxation.

2. My U.S. taxpayer identification number (social security number) is _____.

3. My home address is: _____.

4. I agree to inform the General Partner promptly if I become a nonresident alien at any time during the three-year period immediately following the date of this notice.
5. I understand that this certification may be disclosed to the Internal Revenue Service by the General Partner and that any false statement contained herein could be punished by fine, imprisonment, or both.

Name:

Under penalties of perjury, I declare that I have examined this certification and, to the best of my knowledge and belief, it is true, correct, and complete.

Date:

Name:
Title:

EXHIBIT D

NOTICE OF ELECTION BY PARTNER TO CONVERT LTIP UNITS INTO COMMON UNITS

The undersigned holder of LTIP Units hereby irrevocably (i) elects to convert the number of LTIP Units in Summit Hotel OP, LP (the "Partnership") set forth below into Common Units in accordance with the terms of the Agreement of Limited Partnership of the Partnership, as amended; and (ii) directs that any cash in lieu of Common Units that may be deliverable upon such conversion be delivered to the address specified below. The undersigned hereby represents, warrants, and certifies that the undersigned (a) has title to such LTIP Units, free and clear of the rights or interests of any other person or entity other than the Partnership or the General Partner; (b) has the full right, power, and authority to cause the conversion of such LTIP Units as provided herein; and (c) has obtained the consent to or approval of all persons or entities, if any, having the right to consent to or approve such conversion.

Name of Holder: _____

(Please Print: Exact Name as Registered with Partnership)

Number of LTIP Units to be Converted: _____

Date of this Notice: _____

_____

(Signature of Holder: Sign Exact Name as Registered with Partnership)

_____

(Street Address)

_____

(City) (State) (Zip Code)

Signature Guaranteed by: _____

EXHIBIT E

NOTICE OF ELECTION BY PARTNERSHIP TO FORCE CONVERSION OF LTIP UNITS INTO COMMON UNITS

Summit Hotel OP, LP (the "Partnership") hereby elects to cause the number of LTIP Units held by the holder of LTIP Units set forth below to be converted into Common Units in accordance with the terms of the Agreement of Limited Partnership of the Partnership, as amended, effective as of _____ (the "Conversion Date").

Name of Holder: _____

(Please Print: Exact Name as Registered with Partnership)

Number of LTIP Units to be Converted: _____

Date of this Notice: _____

Exhibit 10.22

SECOND EMPLOYMENT AGREEMENT

THIS SECOND EMPLOYMENT AGREEMENT, effective as of February 14, 2012, between SUMMIT HOTEL PROPERTIES, INC., a Maryland corporation (the "Company"), and RYAN A. BERTUCCI (the "Executive"), recites and provides as follows:

W I T N E S S E T H :

WHEREAS , the Company desires to continue to employ the Executive to devote substantially all of his business time, attention and efforts to the business of the Company and to serve as the Vice President of Acquisitions of the Company on the terms and subject to the conditions hereinafter stated; and

WHEREAS , the Executive desires to be so employed on the terms and subject to the conditions hereinafter stated.

NOW, THEREFORE , in consideration of the premises and mutual obligations hereinafter set forth, the parties agree as follows:

1. RECITALS . The above recitals are incorporated by reference herein and made a part hereof as set forth verbatim.

2. EMPLOYMENT . The Company shall continue to employ the Executive, and the Executive agrees to be so employed, in the capacity of the Company's Vice President of Acquisitions to serve for the Term (as hereinafter defined) hereof, subject to earlier termination as hereinafter provided.

3. TERM . The Initial Term of the Executive's employment under this Agreement (the "Initial Term") shall be for a period of six (6) months commencing on February 14, 2012 (the "Effective Date"), and continuing until August 13, 2012, unless terminated earlier as provided herein. If neither the Company nor the Executive has provided the other with written notice of an intention to terminate this Agreement at least thirty (30) days before the end of the Initial Term or any subsequent six (6) month renewal period, this Agreement will automatically renew for a six (6) month period. For purposes of this Agreement, the word "Term" means the Initial Term and the period of any extension of the Initial Term pursuant to the preceding sentence.

4. SERVICES . The Executive shall devote substantially all of his business time, attention and effort to the Company's affairs. The Company further agrees that the Executive may engage in civic and community activities and endeavors provided that such activities do not interfere with the performance of the Executive's duties hereunder. The Executive shall have full authority and responsibility for formulating policies and administering the Company in all respects, subject to the general direction, approval and control of the Company's President and Chief Executive Officer.

5. COMPENSATION .

(a) *Base Salary* . During the Term, the Company shall pay the Executive for his services an annual Base Salary equal to Two Hundred Twenty Thousand Dollars ($220,000), subject to any increases approved by the Board of Directors (the "Board") or its Compensation Committee (the "Committee"). Such Base Salary shall be paid in accordance with the Company's payroll schedule. Any increase in Base Salary shall not serve to limit or reduce any other obligations to the Executive under this Agreement.

(b) *Annual Bonus* . In addition to his annual Base Salary, for performance in calendar year 2012 and annually thereafter during the Term, the Executive shall have the opportunity to earn an Annual Bonus to the extent that prescribed individual and corporate goals established by the Committee are achieved. The individual and corporate goals established by the Committee shall provide the Executive the opportunity to earn Annual Bonus payments of up to fifty percent (50%) of Base Salary to the extent such goals are achieved. Any Annual Bonus that is earned under this Section 5(b) shall be paid in a single lump sum payment no later than March 15 following the calendar year in which the Annual Bonus is earned.

6. BENEFITS . The Company agrees to provide the Executive with the following benefits:

(a) *Vacation* . The Executive shall be entitled each calendar year to a vacation, during which time his compensation shall be paid in full. The time allotted for such vacation shall be an aggregate of four (4) weeks. In the year Executive terminates employment, he shall be entitled to receive a prorated paid vacation based upon the amount of time that he has worked during the year of termination. In the event that he has not taken his vacation time computed on a prorated basis, he shall be paid, at his regular rate of pay, for unused vacation. In the event Executive has taken more vacation time than allotted for the year of termination, there shall be no reduction in compensation otherwise payable hereunder.

(b) *Employee Benefits* . During the Term, the Executive and/or the Executive's family, as the case may be, shall be eligible to participate in all Company employee benefit plans in which other executive level employees of the Company and/or the members of their families, as the case may be, are eligible to participate including, but not limited to, any retirement, pension, profit-sharing, insurance or other plans which may now be in effect or which may hereafter be adopted by the Company. Regarding life insurance, the Executive shall have the right to name the beneficiary of such life insurance policy.

(c) *Equity Plan Participation* . The Executive shall be eligible to participate in the Company's 2011 Equity Incentive Plan and any subsequent equity incentive plan established during the Term and shall receive awards, in such amounts and subject to such terms, as determined by the Committee. Notwithstanding the preceding sentence, effective as of the completion of the initial public offering of the Company's common stock the Executive shall receive a grant of options to purchase Forty-seven Thousand (47,000) shares of the Company's common stock under the Company's 2011 Equity Incentive Plan (which shall be governed solely by the terms of the option agreement prescribed by the Committee and the terms of the Company's 2011 Equity Incentive Plan).

7. EXPENSES . The Company recognizes that the Executive will have to incur certain out-of-pocket expenses related to his services and the Company's business, and the Company agrees to promptly reimburse the Executive for all reasonable expenses necessarily incurred by him in the performance of his duties to the Company upon presentation of a voucher or documentation indicating the amount and business purposes of any such expenses. These expenses include, but are not limited to, travel, meals and entertainment. Expenses that are reimbursable to the Executive under this Section 7 shall be paid to the Executive in accordance with the Company's expense reimbursement policy but in no event later than March 15 following the calendar year in which the expense is incurred.

8. TERMINATION .

(a) *Grounds* . This Agreement shall terminate in the event of the Executive's death. In the case of the Executive's Disability, the Company may elect to terminate the Executive's employment as a result of such Disability. Where appropriate, the Company also may terminate the Executive's employment pursuant to a Termination With Cause. Finally, the Executive may terminate his employment with the Company pursuant to either a Voluntary Termination or a Voluntary Termination for Good Reason. For purposes of this Agreement, the terms Disability, Voluntary Termination, Voluntary Termination for Good Reason, and Termination With Cause are defined in Section 11 of this Agreement.

(b) *Notice of Termination* . Any termination of employment by the Company or the Executive (other than upon death) shall be communicated by Notice of Termination to the Executive or the Company, as applicable. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon and the specific ground for termination; (ii) sets forth in reasonable detail the facts and circumstances claimed to provide a basis for such termination; and (iii) the date of termination in accordance with Section 8(c) below.

(c) *Date of Termination* . For the purposes of this Agreement, "Date of Termination" means (i) if the Company intends to treat the termination as a termination based upon the Executive's Disability, the Executive's employment with the Company shall terminate effective on the thirtieth day after the date of the Notice of Termination (which may not be given before the Executive has been absent from work on account of a physical or mental illness or physical injury for at least one hundred fifty (150) days) provided that, before such date, the Executive shall not have returned to full-time performance of the Executive's duties; (ii) if the Executive's employment is terminated by reason of Death, the Date of Termination shall be the date of death of the Executive; (iii) if the Executive's employment is terminated by reason of Voluntary Termination, the Date of Termination shall be thirty (30) days from the date of the Notice of Termination (and the Executive shall be deemed to have terminated his employment by Voluntary Termination if the Executive voluntarily refuses to provide substantially all the services described in Section 4 hereof for a period greater than four (4) consecutive weeks (excluding periods in which the Executive is not performing services on account of vacation in accordance with Section 6(a) hereof and periods in which the Executive is not performing services on account of the Executive's illness or injury or the illness or injury of a member of the Executive's immediate family); in such event, the Date of Termination shall be the day after the last day of such four-week period); (iv) if the Company intends to treat the termination as a Termination With Cause, the Company shall provide the Executive written notice of such grounds for termination and the Executive shall have a period of thirty (30) days to cure such cause to the reasonable satisfaction of the Board, failing which the Date of Termination shall be the end of such thirty (30) day period; or (v) if the Executive's employment is terminated by reason of Voluntary Termination for Good Reason, the Date of Termination shall be thirty (30) days after the end of the thirty (30) day cure period.

9. COMPENSATION UPON TERMINATION WITH CAUSE, VOLUNTARY TERMINATION, DEATH OR DISABILITY . This Section 9 applies in the event that the Executive's employment ends upon a Termination With Cause, a Voluntary Termination, Death or Disability or any reason other than a Termination Without Cause or a Voluntary Termination With Good Reason. In any of those events, the Executive (or the Executive's estate in the event of his death) shall be entitled to receive the Standard Termination Benefits. The Standard Termination Benefits are the benefits or amounts described in the following subsections (a) and (b):

(a) The Executive shall be entitled to receive any compensation (including Base Salary and Annual Bonus and accrued but unused vacation) that is earned but unpaid as of the Date of Termination.

(b) The Executive shall be entitled to receive any benefits due him under the terms of any employee benefit plan maintained by the Company and under the terms of any option, restricted stock or similar equity award; which benefits shall be paid in accordance with the terms of the applicable plan and any award agreement between the Executive and the Company.

Except for the Standard Termination Benefits, the Executive shall not be entitled to receive any compensation after the Date of Termination on account of a Termination With Cause, a Voluntary Termination, death, Disability or any reason other than a Termination Without Cause or a Voluntary Termination With Good Reason.

10. COMPENSATION UPON TERMINATION WITHOUT CAUSE OR VOLUNTARY TERMINATION WITH GOOD REASON . This Section 10 applies in the event that the Executive's employment ends upon a Termination Without Cause or a Voluntary Termination With Good Reason. In any of those events, the Executive shall be entitled to receive the benefits and amounts described in the following subsections (a), (b), (c) and (d):

(a) The Company shall pay or provide the Standard Termination Benefits as defined in Section 10 except that all outstanding options, shares of restricted stock and other equity awards, shall be vested and exercisable as of the Date of Termination and outstanding options, stock appreciation rights and similar equity awards shall remain exercisable thereafter until their stated expiration date as if the Executive's employment had not terminated.

(b) The Company shall pay an amount equal to the product of the Multiple (as defined below) times the Executive's Base Salary at the rate in effect on the Date of Termination (or, in the case of a Voluntary Termination for Good Reason, at the rate in effect before a reduction in Base Salary that constitutes Good Reason for resignation), such payment to be made in a single cash payment.

(c) The Company shall pay an amount equal to the product of the Multiple (as defined below) times the greater of (*x*) the highest annual bonus paid to the Executive for the three (3) fiscal years of the Company ended immediately before the Date of Termination or (*y*) fifty percent (50%) of the Executive's Base Salary at the rate in effect on the Date of Termination (or in the case of a Voluntary Termination for Good Reason, at the rate in effect before a reduction in Base Salary that constitutes Good Reason for resignation), such payment to be made in a single cash payment.

(d) The Company shall pay an amount equal to the product of *(x)* the Annual Bonus paid to the Executive for the fiscal year of the Company ended immediately before the Date of Termination and *(y)* a fraction, the numerator of which is the number of days the Executive was employed by the Company during the fiscal year that includes the Date of Termination and the denominator of which is 365, such payment to be made in a single cash payment.

(e) The Company shall pay an amount equal to the Multiple (as defined below) times the annual premium or cost paid by the Company for the health, dental and vision insurance coverage for the Executive and the Executive's eligible dependents as in effect on the Date of Termination plus an amount equal to the Multiple (as defined below) times the annual premium or cost paid by the Company for the disability and life insurance coverage for the Executive as in effect on the Date of Termination, such payment to be made in a single cash payment.

The Multiple is "one (1.0)" if the Executive's employment ends upon a Termination Without Cause before the date of a Change in Control and a Change in Control does not occur within ninety (90) days after the Date of Termination or if the Executive's employment ends upon a Voluntary Termination With Good Reason before the date of a Change in Control. The Multiple is "two (2.0)" if the Executive's employment ends upon a Termination Without Cause on or after the date of a Change in Control or within the ninety (90) day period preceding the date of a Change in Control or if the Executive's employment ends upon a Voluntary Termination With Good Reason on or after the date of a Change in Control.

No benefits will be paid or provided to, or on behalf of, the Executive under this Section 10 unless the Executive has signed a release and waiver of claims in a form reasonably prescribed by the Company, releasing the Company and its officers, directors and affiliates from all claims the Executive has or may have against such parties, and such release and waiver of claims has become binding and irrevocable on or before the forty-fifth (45 th) day after the date the Executive's employment ends upon a Termination Without Cause or a Voluntary Termination for Good Reason. Subject to the Executive's satisfaction of the requirements of the preceding sentence and subject to Section 13, the cash benefits payable under this Section 10 shall be paid on the sixtieth (60 th) day after the Executive's employment ends upon a Termination Without Cause or a Voluntary Termination for Good Reason; provided, however, that if the Executive's employment ends upon a Termination Without Cause and additional amounts become payable under this Section 10 because a Change in Control occurs within ninety (90) days after the Date of Termination, such additional amounts shall be paid on the fifth (5 th) business day after the date of the Change in Control or, if later, the sixtieth (60 th) day after the Executive's employment ends upon a Termination Without Cause.

11. DEFINITIONS. For the purposes of this Agreement, the following terms shall have the following definitions:

(a) "*Change in Control*" for purposes of this Agreement, has the same meaning as such term is defined in the Company's 2011 Equity Incentive Plan.

(b) "*Disability*" means that the Executive is "disabled" within the meaning of Section 409A(a)(2)(C) of the Internal Revenue Code of 1986, as amended (the "Code").

(c) "*Termination With Cause*" means the termination of the Executive's employment by act of the Company's Board of Directors on account of (i) the Executive's failure to perform a material duty or the Executive's material breach of an obligation set forth in this Agreement or a breach of a material and written Company policy other than by reason of mental or physical illness or injury, (ii) the Executive's breach of Executive's fiduciary duties to the Company, (iii) the Executive's conduct that is demonstrably and materially injurious to the Company, monetarily or otherwise or (iv) the Executive's conviction of, or plea of guilty or *nolo contendre* to, a felony or crime involving moral turpitude or fraud or dishonesty involving assets of the Company and that in all cases is described in a written notice from the Board and that is not cured, to the reasonable satisfaction of the Board, within thirty (30) days after such notice is received by the Executive.

(d) "*Voluntary Termination*" means the Executive's voluntary termination of his employment hereunder for any reason other than a Voluntary Termination for Good Reason. For purposes of this Section 11, the term Voluntary Termination does not include a voluntary refusal to perform services on account of a vacation taken in accordance with Section 6(a) hereof, the Executive's failure to perform services on account of his illness or injury or the illness or injury of a member of his immediate family, provided such illness is adequately substantiated at the reasonable request of the Company, or any other absence from service with the written consent of the Board.

(e) *Voluntary Termination for "Good Reason"* means the Executive's termination of his employment hereunder on account of (i) the Company's material breach of the terms of this Agreement or a direction from the Board that the Executive act or refrain from acting which in either case would be unlawful or contrary to a material and written Company policy, (ii) a material diminution in the Executive's duties, functions and responsibilities to the Company and its affiliates without the Executive's consent or the Company preventing the Executive from fulfilling or exercising his material duties, functions and responsibilities to the Company and its affiliates without the Executive's consent, (iii) a material reduction in the Executive's Base Salary or Annual Bonus opportunity or (iv) a requirement that the Executive relocate his employment more than fifty (50) miles from the location of the Executive's principal office on the date of this Agreement, without the consent of the Executive. The Executive's resignation shall not be deemed a "Voluntary Termination for Good Reason" unless the Executive gives the Board written notice (delivered within thirty (30) days after the Executive knows of the event, action, etc. that the Executive asserts constitutes Good Reason), the event, action, etc. that the Executive asserts constitutes Good Reason is not cured, to the reasonable satisfaction of the Executive, within thirty (30) days after such notice and the Executive resigns effective not later than thirty (30) days after the expiration of such cure period.

12. CODE SECTION 280 G . The benefits that the Executive may be entitled to receive under this Agreement and other benefits that the Executive is entitled to receive under other plans, agreements and arrangements (which, together with the benefits provided under this Agreement, are referred to as "Payments"), may constitute Parachute Payments that are subject to Code Sections 280G and 4999. As provided in this Section 12, the Parachute Payments will be reduced if, and only to the extent that, a reduction will allow the Executive to receive a greater Net After Tax Amount than the Executive would receive absent a reduction.

The Accounting Firm will first determine the amount of any Parachute Payments that are payable to the Executive. The Accounting Firm also will determine the Net After Tax Amount attributable to the Executive's total Parachute Payments.

The Accounting Firm will next determine the largest amount of Payments that may be made to the Executive without subjecting the Executive to tax under Code Section 4999 (the "Capped Payments"). Thereafter, the Accounting Firm will determine the Net After Tax Amount attributable to the Capped Payments.

The Executive will receive the total Parachute Payments or the Capped Payments, whichever provides the Executive with the higher Net After Tax Amount. If the Executive will receive the Capped Payments, the total Parachute Payments will be adjusted by first reducing the amount of any benefits under this Agreement or any other plan, agreement or arrangement that are not subject to Section 409A of the Code (with the source of the reduction to be directed by the Participant) and then by reducing the amount of any benefits under this Agreement or any other plan, agreement or arrangement that are subject to Section 409A of the Code (with the source of the reduction to be directed by the Participant). The Accounting Firm will notify the Executive and the Company if it determines that the Parachute Payments must be reduced to the Capped Payments and will send the Executive and the Company a copy of its detailed calculations supporting that determination.

As a result of the uncertainty in the application of Code Sections 280G and 4999 at the time that the Accounting Firm makes its determinations under this Section 12, it is possible that amounts will have been paid or distributed to the Executive that should not have been paid or distributed under this Section 12 ("Overpayments"), or that additional amounts should be paid or distributed to the Executive under this Section 12 ("Underpayments"). If the Accounting Firm determines, based on either the assertion of a deficiency by the Internal Revenue Service against the Company or the Executive, which assertion the Accounting Firm believes has a high probability of success or controlling precedent or substantial authority, that an Overpayment has been made, the Executive must repay to the Company, without interest; provided, however, that no loan will be deemed to have been made and no amount will be payable by the Executive to the Company unless, and then only to the extent that, the deemed loan and payment would either reduce the amount on which the Executive is subject to tax under Code Section 4999 or generate a refund of tax imposed under Code Section 4999. If the Accounting Firm determines, based upon controlling precedent or substantial authority, that an Underpayment has occurred, the Accounting Firm will notify the Executive and the Company of that determination and the amount of that Underpayment will be paid to the Executive promptly by the Company.

For purposes of this Section 12, the term "Accounting Firm" means the independent accounting firm engaged by the Company immediately before the Change in Control. For purposes of this Section 12, the term "Net After Tax Amount" means the amount of any Parachute Payments or Capped Payments, as applicable, net of taxes imposed under Code Sections 1, 3101(b) and 4999 and any State or local income taxes applicable to the Executive on the date of payment. The determination of the Net After Tax Amount shall be made using the highest combined effective rate imposed by the foregoing taxes on income of the same character as the Parachute Payments or Capped Payments, as applicable, in effect on the date of payment. For purposes of this Section 12, the term "Parachute Payment" means a payment that is described in Code Section 280G(b)(2), determined in accordance with Code Section 280G and the regulations promulgated or proposed thereunder.

13. CODE SECTION 409A **.** This Agreement and the amounts payable and other benefits provided under this Agreement are intended to comply with, or otherwise be exempt from, Section 409A of the Code ("Section 409A"), after giving effect to the exemptions in Treasury Regulation section 1.409A-1(b)(3) through (b)(12). This Agreement shall be administered, interpreted and construed in a manner consistent with Section 409A. If any provision of this Agreement is found not to comply with, or otherwise not be exempt from, the provisions of Section 409A, it shall be modified and given effect, in the sole discretion of the Board and without requiring the Executive's consent, in such manner as the Board determines to be necessary or appropriate to comply with, or to effectuate an exemption from, Section 409A; provided, however, that in exercising its discretion under this Section 13, the Board shall modify this Agreement in the least restrictive manner necessary and without reducing any payment or benefit due under this Agreement. Each payment under this Agreement shall be treated as a separate identified payment for purposes of Section 409A.

With respect to any reimbursement of expenses of, or any provision of in-kind benefits to, the Executive, as specified under this Agreement, such reimbursement of expenses or provision of in-kind benefits shall be subject to the following limitations: (i) the expenses eligible for reimbursement or the amount of in-kind benefits provided in one taxable year shall not affect the expenses eligible for reimbursement or the amount of in-kind benefits provided in any other taxable year, except for any medical reimbursement arrangement providing for the reimbursement of expenses referred to in Section 105(b) of the Code; (ii) the reimbursement of an eligible expense shall be made as specified in this Agreement and in no event later than the end of the year after the year in which such expense was incurred and (iii) the right to reimbursement or in-kind benefit shall not be subject to liquidation or exchange for another benefit.

If a payment obligation under this Agreement arises on account of a Change in Control or the Executive's termination of employment and such payment obligation constitutes "deferred compensation" (as defined under Treasury Regulation section 1.409A-1(b)(1), after giving effect to the exemptions in Treasury Regulation section 1.409A-1(b)(3) through (b)(12)), it shall be payable only if the Change in Control constitutes a change in ownership or effective control of the Company, etc. as provided in Treasury Regulation section 1.409A-3(i)(5) or after the Executive's separation from service (as defined under Treasury Regulation section 1.409A-1(h)); provided, however, that if the Executive is a specified employee (as defined under Treasury Regulation section 1.409A-1(i)), any payment that is scheduled to be paid within six months after such separation from service shall accrue without interest and shall be paid on the first day of the seventh month beginning after the date of the Executive's separation from service or, if earlier, within fifteen days after the appointment of the personal representative or executor of the Executive's estate following his death.

14. TAX WITHHOLDING . All payments to be made under this Agreement shall be reduced by applicable income and employment tax withholdings.

15. COVENANTS OF THE EXECUTIVE .

(a) *General Covenants of the Executive* . The Executive acknowledges that (i) the principal business of the Company is acquiring, owning, renovating and developing upscale and mid-scale hotels without food or beverage facilities (such business, and any and all other businesses that after the date hereof, and from time to time during the Term, become material with respect to the Company's then-overall business, herein being collectively referred to as the " Business "), (ii) the Company knows of a limited number of persons who have developed the Business; (iii) the Business is, in part, national in scope; (iv) the Executive's work for the Company and its subsidiaries has given and will continue to give the Executive access to the confidential affairs and proprietary information of the Company and to "trade secrets," as defined in the South Dakota Uniform Trade Secrets Act, of the Company and its subsidiaries; (v) the covenants and agreements of the Executive contained in this Section 15 are essential to the business and goodwill of the Company; and (vi) the Company would not have entered into this Agreement but for the covenants and agreements set forth in this Section 15.

(b) *Covenants Against Competition* . The covenant against competition herein described shall apply during the Term and for a period of one (1) year following a termination of the Executive's employment with the Company and its subsidiaries for any reason (the "Restriction Period"). During the Restriction Period the Executive shall not, directly or indirectly, own, manage, control or participate in the ownership, management, or control of, or be employed or engaged by or otherwise affiliated or associated with, in an executive, senior management, strategic or professional capacity, whether as an employee, employer, consultant, agent, principal, partner, stockholder, corporate officer, director or in any other individual or representative capacity, that is similar to an engagement in an executive, senior management, strategic or professional capacity although otherwise named in any business or venture engaged in the Business and that owns at least twenty-five (25) hotels, at least one of which is located within twenty-five (25) miles of any hotel acquired, owned, managed, developed or re-developed by the Company and its subsidiary, or within twenty-five (25) miles of any hotel the Company is pursuing to acquire, own, manage, develop or re-develop so long as the pursuit of such began prior to, and remained ongoing at the time of the termination of the Executive's employment; provided, however , that, notwithstanding the foregoing, (i) the Executive may own or participate in the ownership of any entity which he owned or managed or participated in the ownership or management of prior to the Effective Date, which ownership, management or participation has been disclosed to the Company; and (ii) the Executive may invest in securities of any entity, solely for investment purposes and without participating in the business thereof, if (A) such securities are traded on any national securities exchange or the National Association of Securities Dealers, Inc. Automated Quotation System or equivalent non-U.S. securities exchange, (B) the Executive is not a controlling person of, or a member of a group which controls, such entity and (C) the Executive does not, directly or indirectly, own one percent (1%) or more of any class of securities of such entity. Notwithstanding the foregoing, this Section 15(b) shall not apply after the Executive's Termination without Cause or Voluntary Termination for Good Reason.

(c) *Confidentiality* . During and after the Executive's employment with the Company and its affiliates, except in connection with the business and affairs of the Company and its affiliates: the Executive shall keep secret and retain in strictest confidence, and shall not use for his benefit or the benefit of others, all confidential matters relating to the Business and the business of any of its affiliates and to the Company and any of its affiliates, learned by the Executive heretofore or hereafter directly or indirectly from the Company of any of its subsidiaries (or any predecessor of either) (the " Confidential Company Information "), including, without limitation, information with respect to the Business and any aspect thereof, profit or loss figures, and the Company's or its affiliates' (or any of their predecessors) properties, and shall not disclose such Confidential Company Information to anyone outside of the Company except with the Company's express written consent and except for Confidential Company Information which (i) at the time of receipt or thereafter becomes publicly known through no wrongful act of the Executive; (ii) is clearly obtainable in the public domain; (iii) was not acquired by the Executive in connection with the Executive's employment or affiliation with the Company; (iv) was not acquired by the Executive from the Company or its representatives or from a third-party who has an agreement with the Company not to disclose such information; (v) was legally in the possession of or developed by the Executive prior to the Effective Date; or (vi) is required to be disclosed by rule of law or by order of a court or governmental body or agency.

(d) *Nonsolicitation* . During the Restriction Period, the Executive shall not, without the Company's prior-written consent, directly or indirectly, (i) knowingly solicit or knowingly encourage to leave the employment or other service of the Company or any of its affiliates, any employee employed by the Company on the Date of Termination or knowingly hire (on behalf of the Executive or any other person or entity) any employee employed by the Company on the Date of Termination who has left the employment or other service of the Company or any of its affiliates (or any predecessor of either) within one (1) year of the termination of such employee's or independent contractor's employment or other service with the Company and its affiliates; or (ii) whether for the Executive's own account or for the account of any other person, firm, corporation or other business organization, intentionally interfere with the Company's or any of its affiliates, relationship with, or endeavor to entice away from the Company or any of its affiliates, any person who during the Executive's employment with the Company is or was a customer or client of the Company or any of its affiliates (or any predecessor of either). Notwithstanding the above, nothing shall prevent the Executive from soliciting loans, investment capital, or the provision of management services from third parties engaged in the Business if the activities of the Executive facilitated thereby do not otherwise adversely interfere with the operations of the Business.

(e) *Company Property* . During and after the Executive's employment with the Company and its affiliates, all memoranda, notes, lists, records, property and any other tangible product and documents (and all copies thereof) made, produced or compiled by the Executive or made available to the Executive during the Term concerning the Business of the Company and its affiliates shall be the Company's property and shall be delivered to the Company at any time on request. Notwithstanding the above, the Executive's contacts and contact data base shall not be the Company's property. Notwithstanding the above, software, methods and material developed by the Executive prior to the Term of the Agreement shall not be the Company's property.

(f) *Rights and Remedies upon Breach* . The Executive acknowledges and agrees that any breach by him of any of the provisions of this section 15 (the "Covenants") would result in irreparable injury and damage for which money damages, would not provide an adequate remedy. Therefore, if the Executive breaches, or threatens to commit a breach of, any of the Covenants, the Company and its affiliates shall have the right and remedy to have the Covenants specifically enforced (without posting bond and without the need to prove damages) by any court having equity jurisdiction, including, without limitation, the right to an entry against the Executive of restraining orders and injunctions (preliminary, mandatory, temporary and permanent) against violations, threatened or actual, and whether or not then continuing, of such covenants. This right and remedy shall be in addition to, and not in lieu of, any other rights and remedies available to the Company and its affiliates under law or in equity (including, without limitation, the recovery of damages). The existence of any claim or cause of action by the Executive, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement of the Covenants. The Company has the right to cease making the payments or benefits to the Executive in the event of a material breach of any of the Covenants that, if capable of cure and not willful, is not cured within thirty (30) days after receipt of notice thereof from the Company.

(g) *Severability* . The Executive acknowledges and agrees that the Executive has had an opportunity to seek advice of counsel in connection with this Agreement; and that the Covenants are reasonable in geographical and temporal scope and in all other respects. If it is determined that any of the provisions of this Agreement, including, without limitation, any of the Covenants, or any part thereof, is invalid or unenforceable, the remainder of the provisions of this Agreement shall not thereby be affected and shall be given full affect, without regard to the invalid portions.

(h) *Duration and Scope of Covenants* . If any court or other decision maker of competent jurisdiction determines that any of the Covenants, including, without or any part thereof are unenforceable because of the duration or geographical scope of such provision, then, after such determination has become final and unappealable, the duration or scope of such provision, as the case may be, shall be reduced so that such provision becomes enforceable and, in its reduced form, such provision shall then be enforceable and shall be enforced.

(i) *Enforceability of Restrictive Covenants; Jurisdictions* . The Company and the Executive intend to and hereby consent to jurisdiction to enforce the Covenants upon the courts of any jurisdiction within the geographical scope of the Covenants. If the courts of any one or more of such jurisdictions hold the Covenants wholly unenforceable by reason of breadth of scope or otherwise it is the intention of the Company and the Executive that such determination not bar or in any way affect the Company's right, or the right of any of its affiliates, to the relief provided above in the courts of any other jurisdiction within the geographical scope of such Covenants, as to breaches of such Covenants in such other respective jurisdictions, such Covenants as they relate to each jurisdiction's being, for this purpose, severable, diverse and independent covenants, subject, where appropriate, to the doctrine of *res judicata* .

16. NOTICES. All notices or deliveries authorized or required pursuant to this Agreement shall be deemed to have been given when in writing and personally delivered or three (3) days following the date when deposited in the U.S. mail, certified, return receipt requested, postage prepaid, addressed to the parties at the following addresses or to such other addresses as either may designate in writing to the other party:

To the Company: Summit Hotel Properties, Inc.
Attn: Corporate Secretary
2701 South Minnesota Avenue, Suite 6
Sioux Falls, South Dakota 57105

To the Executive: Ryan A. Bertucci
1823 Harney Street, Suite 301
Omaha, Nebraska 68102

17. ENTIRE AGREEMENT. This Agreement contains the entire understanding between the parties hereto with respect to the subject matter hereof and shall not be modified in any manner except by instrument in writing signed, by or on behalf of, the parties hereto. This Agreement shall be binding upon and inure to the benefit of the heirs, successors and assigns of the parties hereto.

18. ARBITRATION. Any claim or controversy arising out of, or relating to, this Agreement or its breach, shall be settled by arbitration in Sioux Falls, South Dakota in accordance with the governing rules of the American Arbitration Association. Judgment upon the award rendered may be entered in any court of competent jurisdiction. In the event one of the parties hereto requests an arbitration proceeding under this Agreement, such proceeding shall commence within 30 days from the date of such request. The prevailing party shall be entitled to reasonable attorney's fees and costs.

19. APPLICABLE LAW. This Agreement shall be governed and construed in accordance with the laws of the State of South Dakota.

20. NO SETOFF. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by a setoff, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take other action by way of mitigation of the amounts payable to the Executive under the provisions of this Agreement.

21. ASSIGNMENT. The Executive acknowledges that his services are unique and personal. Accordingly, the Executive may not assign his rights or delegate his duties or obligations under this Agreement. The Executive's rights and obligations under this Agreement shall insure to the benefit of and shall be binding upon the Executive's successors and assigns.

22. HEADINGS . Headings in this Agreement are for convenience only and shall not be used to interpret or construe its provisions.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the 14th day of February, 2012.

SUMMIT HOTEL PROPERTIES, INC.

By: */s/ Christopher Eng*
Title: VP and General Counsel

RYAN A. BERTUCCI

/s/ Ryan A. Bertucci

Exhibit 12.1

Summit Hotel Properties, Inc.
Ratio of Earnings to Fixed Charges and Preferred Stock Dividends
(Dollars in Thousands)

	Summit Hotel Properties, Inc.	Summit Hotel Properties, LLC (Predecessor)					
			Year Ended December 31,				
	For the Period February 14, 2011 through December 31, 2011	For the Period January 1, 2011 through February 13, 2011	2010	2009	2008	2007	2006
Earnings							
Pre-tax income (loss) from continuing operations	$ (6,502)	$ (5,868)	$ (20,718)	$ (17,779)	$ 4,011	$ 3,918	$ 7,914
Interest expense	13,193	4,666	26,362	18,321	17,025	14,214	11,135
Amortization of financing costs	2,053	154	1,841	2,029	1,575	1,678	754
Amortization of capitalized interest	524	75	599	599	443	252	28
Total Earnings	$ 9,268	$ (973)	$ 8,084	$ 3,170	$ 23,054	$ 20,062	$ 19,831
Fixed Charges							
Interest expense	$ 13,193	$ 4,666	$ 26,362	$ 18,321	$ 17,025	$ 14,214	$ 11,135
Capitalized interest	—	—	—	3,142	3,829	4,490	573
Amortization of financing costs	2,053	154	1,841	2,029	1,575	1,678	754
Total Fixed Charges	$ 15,246	$ 4,820	$ 28,203	$ 23,492	$ 22,429	$ 20,382	$ 12,462
Preferred Dividends	$ 411	—	—	—	—	—	—
Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends	0.59[1]	(0.20) [2]	0.29[3]	0.13[4]	1.03	0.98[5]	1.59

(1) For this period, earnings were less than fixed charges and preferred stock dividends. The total amount of fixed charges and preferred stock dividends for this period was approximately $15,657,000 and the total amount of earnings was approximately $9,268,000. The amount of the deficiency, or the amount of fixed charges and preferred stock dividends in excess of earnings, was approximately $6,389,000.

(2) For this period, earnings were less than fixed charges. The total amount of fixed charges for this period was approximately $4,820,000 and the total amount of earnings was approximately $(973,000). The amount of the deficiency, or the amount of fixed charges in excess of earnings, was approximately $5,793,000.

(3) For this period, earnings were less than fixed charges. The total amount of fixed charges for this period was approximately $28,203,000 and the total amount of earnings was approximately $8,084,000. The amount of the deficiency, or the amount of fixed charges in excess of earnings, was approximately $20,119,000.

(4) For this period, earnings were less than fixed charges. The total amount of fixed charges for this period was approximately $23,492,000 and the total amount of earnings was approximately $3,170,000. The amount of the deficiency, or the amount of fixed charges in excess of earnings, was approximately $20,322,000.

(5) For this period, earnings were less than fixed charges. The total amount of fixed charges for this period was approximately $20,382,000 and the total amount of earnings was approximately $20,062,000. The amount of the deficiency, or the amount of fixed charges in excess of earnings, was approximately $320,000.

EXHIBIT 21.1

List of Subsidiaries of Summit Hotel Properties, Inc.

Name	State of Incorporation or Organization
1. Summit Hotel OP, LP	Delaware
2. Summit Hotel TRS, Inc.	Delaware
3. Summit Hotel TRS II, Inc.	Delaware
4. Summit Hotel GP, LLC	Delaware
5. Summit Hospitality I, LLC	Delaware
6. Summit Hospitality V, LLC	South Dakota
7. Summit Hospitality VI, LLC	Delaware

EXHIBIT 21.2

List of Subsidiaries of Summit Hotel OP, LP.

Name	State of Incorporation or Organization
1. Summit Hotel TRS, Inc.	Delaware
2. Summit Hotel TRS II, Inc.	Delaware
3. Summit Hospitality I, LLC	Delaware
4. Summit Hospitality V, LLC	South Dakota
5. Summit Hospitality VI, LLC	Delaware

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Summit Hotel Properties, Inc.:

We consent to the incorporation by reference in the registration statements on Form S-3 (File No. 333-179503) and Form S-8 (File No. 333-172145) of Summit Hotel Properties, Inc. of our reports dated February 28, 2012, with respect to the consolidated balance sheet of Summit Hotel Properties, Inc. and subsidiaries as of December 31, 2011, and the consolidated balance sheet of Summit Hotel Properties, LLC and subsidiaries (Predecessor) as of December 31, 2010, and the related consolidated statements of operations and changes in equity of Summit Hotel Properties, Inc. and subsidiaries for the period from February 14, 2011 (commencement of operations) through December 31, 2011, the related consolidated statements of operations and changes in equity of Summit Hotel Properties, LLC and subsidiaries (Predecessor) for the period from January 1, 2011 through February 13, 2011 and the year ended December 31, 2010, the related combined statement of cash flows of Summit Hotel Properties, Inc. and subsidiaries and Summit Hotel Properties, LLC and subsidiaries (Predecessor) for the year ended December 31, 2011, and the related consolidated statement of cash flows of Summit Hotel Properties, LLC and subsidiaries (Predecessor) for the year ended December 31, 2010, and the related financial statement schedule III; the consolidated balance sheet of Summit Hotel OP, LP and subsidiaries as of December 31, 2011, and the consolidated balance sheet of Summit Hotel Properties, LLC and subsidiaries (Predecessor) as of December 31, 2010, and the related consolidated statements of operations and changes in equity of Summit Hotel OP, LP and subsidiaries for the period from February 14, 2011 (commencement of operations) through December 31, 2011, the related consolidated statements of operations and changes in equity of Summit Hotel Properties, LLC and subsidiaries (Predecessor) for the period from January 1, 2011 through February 13, 2011 and the year ended December 31, 2010, the related combined statement of cash flows of Summit Hotel OP, LP and subsidiaries and Summit Hotel Properties, LLC and subsidiaries (Predecessor) for the year ended December 31, 2011, and the related consolidated statement of cash flows of Summit Hotel Properties, LLC and subsidiaries (Predecessor) for the year ended December 31, 2010, and the related financial statement schedule III; which reports appear in the December 31, 2011 annual report on Form 10-K of Summit Hotel Properties, Inc. and Summit Hotel OP, LP.

/s/ KPMG LLP

Omaha, Nebraska
February 28, 2012

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
Summit Hotel Properties, Inc.

We consent to the incorporation by reference in the registration statements on Form S-3 (File No. 333-179503) and Form S-8 (File No. 333-172145) of our report dated March 31, 2010 with respect to the consolidated statements of operations, changes in members' equity, and cash flows of Summit Hotel Properties, LLC, for the year ended December 31, 2009 and our report dated March 31, 2010 related to the internal control over financial reporting as of December 31, 2009 of Summit Hotel Properties, LLC, which reports appear in the annual report on Form 10-K for the year ended December 31, 2011 of Summit Hotel Properties, Inc. and Summit Hotel OP, LP.

/s/ Eide Bailly LLP

Greenwood Village, Colorado
February 27, 2012

EXHIBIT 31.1

Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Daniel P. Hansen, certify that:

1. I have reviewed this Annual Report on Form 10-K of Summit Hotel Properties, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statement for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures, and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by the report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Summit Hotel Properties, Inc.

Date: February 28, 2012

By: /s/ Daniel P. Hansen

Daniel P. Hansen
President and Chief Executive Officer
(principal executive officer)

EXHIBIT 31.2

Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Stuart J. Becker, certify that:

1. I have reviewed this Annual Report on Form 10-K of Summit Hotel Properties, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statement for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures, and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by the report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Summit Hotel Properties, Inc.

Date: February 28, 2012

By: /s/ Stuart J. Becker

Stuart J. Becker
Executive Vice President and Chief Financial Officer
(principal financial officer)

EXHIBIT 31.3

Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Daniel P. Hansen, certify that:

1. I have reviewed this Annual Report on Form 10-K of Summit Hotel OP, LP;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statement for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures, and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by the report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Summit Hotel OP, LP
By: Summit Hotel GP, LLC, its general partner
By: Summit Hotel Properties, Inc., its sole member

Date: February 28, 2012

By: /s/ Daniel P. Hansen

Daniel P. Hansen
President and Chief Executive Officer
(principal executive officer)

EXHIBIT 31.4

Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Stuart J. Becker, certify that:

1. I have reviewed this Annual Report on Form 10-K of Summit Hotel OP, LP;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statement for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures, and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by the report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Summit Hotel OP, LP
By: Summit Hotel GP, LLC, its general partner
By: Summit Hotel Properties, Inc., its sole member

Date: February 28, 2012

By: /s/ Stuart J. Becker

Stuart J. Becker
Executive Vice President and Chief Financial Officer
(principal financial officer)

EXHIBIT 32.1

Certification Pursuant To
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of The Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Summit Hotel Properties, Inc. (the "Company") on Form 10-K for the fiscal year ended December 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Daniel P. Hansen, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Summit Hotel Properties, Inc.

Date: February 28, 2012

By: /s/ Daniel P. Hansen

Daniel P. Hansen
President and Chief Executive Officer
(principal executive officer)

EXHIBIT 32.2

Certification Pursuant To
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of The Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Summit Hotel Properties, Inc. (the "Company") on Form 10-K for the fiscal year ended December 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stuart J. Becker, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Summit Hotel Properties, Inc.

Date: February 28, 2012

By: /s/ Stuart J. Becker

Stuart J. Becker
Executive Vice President and Chief Financial Officer
(principal financial officer)

EXHIBIT 32.3

Certification Pursuant To
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of The Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Summit Hotel OP, LP (the "Company") on Form 10-K for the fiscal year ended December 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Daniel P. Hansen, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Summit Hotel OP, LP
By: Summit Hotel GP, LLC, its general partner
By: Summit Hotel Properties, Inc., its sole member

Date: February 28, 2012

By: /s/ Daniel P. Hansen

Daniel P. Hansen
President and Chief Executive Officer
(principal executive officer)

EXHIBIT 32.4

Certification Pursuant To
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of The Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Summit Hotel OP, LP (the "Companies") on Form 10-K for the fiscal year ended December 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stuart J. Becker, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Summit Hotel OP, LP
By: Summit Hotel GP, LLC, its general partner
By: Summit Hotel Properties, Inc., its sole member

Date: February 28, 2012

By: /s/ Stuart J. Becker

Stuart J. Becker
Executive Vice President and Chief Financial Officer
(principal financial officer)