UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2024

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.

(Exact name of registrant as specified in its charter)

Maryland	**27-2962512**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

13215 Bee Cave Parkway, Suite B-300
Austin, TX 78738
(Address of principal executive offices, including zip code)

(512) 538-2300
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	INN	New York Stock Exchange
6.25% Series E Cumulative Redeemable Preferred Stock, par value $0.01 per share	INN-PE	New York Stock Exchange
5.875% Series F Cumulative Redeemable Preferred Stock, par value $0.01 per share	INN-PF	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☒ Yes ☐ 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. ☐ Yes ☒ 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. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). ☒ Yes ☐ No

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.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

The aggregate market value of the registrant's voting and non-voting common equity held by non-affiliates of the registrant's as of June 30, 2024 was $628,912,796 based on the closing sale price of the registrant's common stock on the New York Stock Exchange as of June 30, 2024.

As of February 13, 2025 the number of outstanding shares of common stock of Summit Hotel Properties, Inc. was 109,781,527.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Definitive Proxy Statement on Schedule 14A for its 2025 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.

ANNUAL REPORT ON FORM 10-K
FISCAL YEAR ENDED DECEMBER 31, 2024
SUMMIT HOTEL PROPERTIES, INC.

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CAUTIONARY STATEMENT ABOUT FORWARD-LOOKING STATEMENTS

This report 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 "may," "could," "expect," "intend," "plan," "seek," "anticipate," "believe," "estimate," "predict," "forecast," "project," "potential," "continue," "likely," "will," "would" "commit," "target," 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 revenues 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:

- global, national, regional and local economic and geopolitical conditions and events, including wars or potential hostilities, such as future terrorist attacks, that may negatively affect business transient, group and other travel or consumer behavior;
- changes in federal or state regulations or policies that could affect the labor market or our business;
- macroeconomic conditions related to, and our ability to manage, inflationary pressures for commodities, labor and other costs of our business;
- consumer purchasing power and overall behavior, or a potential recessionary environment, which could adversely affect our costs, liquidity, consumer confidence, and demand for travel and lodging;
- levels of spending for business and leisure travel;
- adverse changes in occupancy, average daily rate ("ADR") and revenue per available room ("RevPAR") and other lodging property operating metrics;
- potential changes in operations as a result of new regulations or changes in brand standards;
- financing risks, including the risk of leverage and the corresponding risk of default on our existing indebtedness and potential inability to refinance or extend the maturities of our existing indebtedness;
- effects of infectious disease outbreaks or pandemics;
- default by borrowers to which we lend or provide seller financing;
- supply and demand factors in our markets or sub-markets;
- the effect of alternative accommodations on our business;
- financial condition of, and our relationships with, third-party property managers and franchisors;
- the degree and nature of our competition;
- increased interest rates or continued high rates of interest;
- increased renovation costs, which may cause actual renovation costs to exceed our current estimates;
- supply-chain disruption, which may reduce access to operating supplies or construction materials and increase related costs;
- changes in zoning laws;
- significant increases in the cost of real property taxes;
- significant increases in insurance costs or availability;
- risks associated with lodging property acquisitions, including the ability to ramp up and stabilize newly acquired lodging properties with limited or no operating history or that require substantial amounts of capital improvements for us to earn economic returns consistent with our expectations at the time of acquisition;
- risks associated with dispositions of lodging properties, including our ability to successfully complete the sale of lodging properties under contract to be sold, including the risk that the purchaser may not have access to the capital needed to complete the purchase;
- the nature of our structure and transactions such that our federal and state taxes are complex and there is risk of successful challenges to our tax positions by the Internal Revenue Service ("IRS") or other federal and state taxing authorities;
- availability of and the abilities of our property managers and us to retain qualified personnel at our lodging property and corporate offices;
- our failure to maintain our qualification as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended (the "IRC");

- 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 common stock;
- environmental uncertainties and risks related to natural disasters;
- our ability to recover fully under third-party indemnities or our existing insurance policies for insurable losses and our ability to maintain adequate or full replacement cost "all-risk" property insurance policies on our properties on commercially reasonable terms;
- the effect of a data breach or significant disruption of property operator information technology networks as a result of cyber-attacks that are greater than insurance coverages or indemnities from service providers;
- our ability to manage rapidly advancing artificial intelligence technology related to our business;
- our ability to effectively manage our joint ventures with our joint venture partners;
- current and future changes to the IRC;
- our ability to continue to maintain an effective corporate responsibility program; and
- the other factors discussed in "Part I – Item 1A. – *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 obligation 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.

Unless the context otherwise requires, all references to “we,” “us,” “our,” or the “Company” refer to Summit Hotel Properties, Inc. and its consolidated subsidiaries.

Overview

Summit Hotel Properties, Inc. is a self-managed lodging property 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. We focus on owning lodging properties with efficient operating models that generate strong margins and investment returns. At December 31, 2024, our portfolio consisted of 97 lodging properties with a total of 14,553 guestrooms located in 25 states. We own our properties fee simple, except for six hotel properties which are subject to ground leases. As of December 31, 2024, we own 100% of the outstanding equity interests in 53 of our lodging properties. We own a 51% controlling interest in 41 lodging properties through a joint venture with USFI G-Peak Pte. Ltd. ("GIC"), a private limited company incorporated in the Republic of Singapore, (the "GIC Joint Venture"), and two 90% equity interests in separate joint ventures (the "Brickell Joint Venture" and the "Onera Joint Venture"). The Brickell Joint Venture owns two lodging properties, and the Onera Joint Venture owns one lodging property.

The GIC Joint Venture was formed in July 2019 with GIC to acquire assets that align with the Company’s current investment strategy and criteria. The Company serves as general partner and asset manager of the GIC Joint Venture and intends to invest 51% of the equity capitalization of the limited partnership, with GIC investing the remaining 49%. The GIC Joint Venture intends to finance assets with an anticipated 50% overall leverage target. The Company earns fees for providing services to the GIC Joint Venture and will have the potential to earn incentive fees based on the GIC Joint Venture achieving certain return thresholds.

As of December 31, 2024, 86% of our guestrooms were located in the top 50 metropolitan statistical areas (“MSAs”), 91% were located within the top 100 MSAs, and over 99% of our guestrooms operated under premium franchise brands owned by Marriott® International, Inc. (“Marriott”), Hilton® Worldwide (“Hilton”), Hyatt® Hotels Corporation (“Hyatt”), and InterContinental® Hotels Group (“IHG”). Our properties are typically located in markets with multiple demand generators such as corporate offices and headquarters, retail centers, airports, state capitols, convention centers, universities, and leisure attractions.

See "Part II - Item 8. – *Financial Statements and Supplementary Data – Note 3 - Investments in Lodging Property, net*" for further information.

Substantially all of our assets are held by, and all of our operations are conducted through, the Operating Partnership. Through a wholly owned subsidiary, we are the sole general partner of the Operating Partnership. At December 31, 2024, we owned, directly and indirectly, approximately 87% of the Operating Partnership’s issued and outstanding common units of limited partnership interest (“Common Units”), and all of the Operating Partnership’s issued and outstanding Series E and Series F preferred units of limited partnership interests. NewcrestImage Holdings, LLC owns all of the issued and outstanding 5.25% Series Z Cumulative Perpetual Preferred Units of the Operating Partnership ("Series Z Preferred Units"), which was issued as part of the NCI Transaction (as defined under "Part II - Item 8. – *Financial Statements and Supplementary Data – Note 6 - Debt*"). We collectively refer to preferred units of limited partnership interests of our Operating Partnership as "Preferred Units."

Pursuant to the Operating Partnership’s partnership agreement, we have full, exclusive and complete responsibility and discretion in the management and control of the Operating Partnership, including the ability to cause the Operating Partnership to enter into certain major transactions including acquisitions, dispositions and refinancings, to make distributions to partners and to cause changes in the Operating Partnership’s business activities.

We have elected to be taxed as a REIT for federal income tax purposes. To qualify as a REIT, we cannot operate or manage our lodging properties. Accordingly, all of our lodging properties are leased to our taxable REIT subsidiaries ("TRS Lessees" or "TRSs") and managed by professional third-party property management companies. We have one reportable segment as defined by generally accepted accounting principles (“GAAP”). See "Part II – Item 8. – *Financial Statements and Supplementary Data – Note 2 – Basis of Presentation and Significant Accounting Policies*" to our Consolidated Financial Statements.

Our corporate offices are located at 13215 Bee Cave Parkway, Suite B-300, Austin, TX 78738. Our telephone number is (512) 538-2300. 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.

Business Strategy

Our portfolio consists of lodging properties in desirable locations with efficient operating models. Our approach to creating value includes the following:

- Strategically allocate capital which includes, among other things, capital investment, growth initiatives and other strategic transactions;
- Evolving our portfolio by selling assets with lower operating margins, RevPAR growth opportunities or risk-adjusted return profiles and purchasing assets with higher operating margins, RevPAR growth opportunities or risk-adjusted return profiles; and
- Intensive asset and revenue management.

The key elements of our strategy that we believe will allow us to create long-term value include the following:

Focus on Lodging Properties with Efficient Operating Models. We focus on lodging properties with efficient operating models that are predominantly in the Upscale segment of the lodging industry, as defined by Smith Travel Research ("STR"). We believe that our focus on this segment provides us the opportunity to achieve strong, risk-adjusted returns across multiple lodging cycles for several reasons, including:

- *RevPAR Growth*. We believe that our lodging properties are positioned for long-term demand growth supported by the characteristics of our portfolio and its ability to appeal to evolving guest preferences.

- *Labor Model.* Our lodging properties are characterized by efficient operating models and are typically operated with approximately 30 full-time equivalent employees for our brand franchised hotels. These staffing levels are significantly below full-service lodging properties, which enables our assets to generate higher operating margins and cash flow with less volatility.

- *Stable Cash Flow*. We operate our lodging properties primarily under franchise agreements with Marriott, Hilton, Hyatt and IHG. These franchisors have loyalty programs, marketing and branding programs, and provide global central reservation systems, which enable us to access a relatively stable base of demand. Through our brand partnerships and efficient operating model, we are better able to predict revenues and generate cash flows with less volatility.

- *Broad Customer Base*. Our target brands deliver consistently high-quality guest accommodations with value-oriented pricing that we believe appeals to a wide range of customers, including business transient, group, leisure and government travelers. We believe that our lodging properties are particularly popular with frequent travelers who seek to stay in properties operating under Marriott, Hilton, Hyatt, or IHG brands, which offer strong loyalty rewards programs.

- *Lower Capital Requirements and Enhanced Diversification*. Our lodging properties are characterized by efficient operating models that generally require less capital to acquire, build, and maintain on an absolute and a per-key basis, than lodging properties in the full-service segment of the industry. As a result, we can diversify our investment capital into ownership of a larger number of lodging properties than we could in the full-service segment.

Capitalize on Investments in Our Lodging Properties. We believe in the benefits of strategically investing capital in our properties to ensure they are in good physical condition and facilitate market leading financial performance. We believe these investments produce attractive returns, and we intend to continue to invest capital to upgrade our lodging properties with strategic repositionings, renovations, property improvement plans, and discretionary investments which we expect to generate compelling returns.

External Growth Through Acquisitions. We intend to continue to opportunistically grow through acquisitions of existing lodging properties either through wholly owned or joint venture structures using a disciplined approach, while maintaining a prudent capital structure. We generally target lodging facilities with efficient operating models that meet one or more of the following acquisition criteria:

- potential for strong risk-adjusted returns and are located in the top 50 MSAs and other select destination markets;
- operate under leading franchise brands, which may include but are not limited to brands owned by Marriott, Hilton, Hyatt, and IHG, as well as select independent lodging properties that meet our investment criteria;
- located in close proximity to multiple demand generators, such as corporate offices and headquarters, retail centers, airports, state capitols, convention centers, universities, and leisure attractions, with a diverse source of potential guests, including business transient, group, leisure, and government travelers;
- located in markets with barriers to entry due to lengthy or challenging real estate entitlement processes or other factors;
- can be acquired at a discount to replacement cost; and
- provide an opportunity to add value through operating efficiencies, revenue management and asset management expertise, repositioning, renovating or rebranding.

Strategic Lodging Property Sales. We strive to maximize our return on invested capital, and we periodically review our lodging properties to determine if any significant changes to markets or our properties have occurred or are anticipated to occur that would warrant the sale of one or more lodging properties. We intend to continue to pursue a disciplined capital allocation strategy designed to maximize the value of our investments by selectively selling lodging properties that we believe are no longer consistent with our investment strategy or whose returns on invested capital appear to have been maximized. To the extent that we sell lodging properties, we may redeploy the capital into acquisition and capital investment opportunities that we believe have the potential to generate better risk-adjusted returns, repay outstanding indebtedness, or for general corporate purposes. We also expect to generate these improvements in returns with our proactive asset management approach and by investing in our lodging properties to enhance their quality and attractiveness, increase their long-term value, and generate more favorable returns on our invested capital.

Selectively Develop Lodging Properties. We endeavor to identify attractive opportunities to selectively partner with experienced developers to acquire, upon completion, newly constructed lodging properties that meet our acquisition criteria. We will consider unique opportunities to develop lodging properties utilizing our own capital if and when circumstances warrant.

Selective Mezzanine Lending. We seek to identify select opportunities to provide mezzanine lending to developers, where we also have the opportunity to acquire the lodging property at or after the completion of the development project.

Our Financing Strategy

We rely on cash from operations, working capital, borrowings under our senior revolving and term loan facility (the "2023 Senior Credit Facility"), term debt, repayment of notes receivable, proceeds from the issuance of convertible securities, proceeds from the issuance of common and preferred securities, the strategic sale of lodging properties, contributions from our joint venture partners, and the release of restricted cash upon satisfaction of the usage requirements to finance our business. We may also issue Common Units or Preferred Units of the Operating Partnership in connection with acquisitions.

Our long-term approach is to maintain conservative debt levels with high coverage ratios and to ensure adequate liquidity to withstand various economic cycles and position the Company for growth when opportunities arise that meet our investment criteria. We maintain strong relationships with the lending community and access the bank market as well as private and public capital markets to fund our business. Finally, we maintain a staggered debt maturity schedule to manage liquidity and navigate volatility in the capital markets.

Our consolidated debt includes, and may include in the future, debt secured by stock pledges, mortgage debt secured by lodging properties and unsecured debt. As of December 31, 2024, we had $1.4 billion in outstanding indebtedness, including $710.5 million related to our joint ventures. Our pro rata debt, taking into consideration only our portion of our joint venture debt, was $1.1 billion at December 31, 2024.

When purchasing lodging properties, the Operating Partnership may issue Common Units or Preferred Units as full or partial consideration to sellers who may be interested in taking advantage of the opportunity to defer taxable gains on the sale of a property or participate in the potential appreciation in the value of our common stock.

Competition

We face competition for investments in lodging properties from institutional pension funds, private equity investors, REITs, lodging companies and others who are engaged in acquisitions of and investments in lodging properties. 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 targeted lodging properties.

The lodging industry is highly competitive. Our lodging properties compete with other hotel properties and alternative accommodations for guests in their respective markets based on a number of factors, including location, convenience, brand affiliation, quality of the physical condition of the lodging property, guestroom 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 lodging properties are located and includes competition from existing and new hotel properties and alternative accommodations. Competition could adversely affect our occupancy rates, our ADR and our RevPAR, and may require us to provide additional amenities or make capital improvements that we otherwise would not make, which may reduce our profitability.

Seasonality

Certain segments of the lodging industry are seasonal in nature. The current trend in our business is for corporate, group and leisure travelers to occupy lodging properties relatively consistently throughout the year, but decreases in business travel occur during summer and the winter holidays. The lodging industry is also seasonal based upon geography. Lodging properties in the southern U.S. tend to have higher occupancy rates during the winter months. Lodging properties in the northern U.S. tend to have higher occupancy rates during the summer months.

Regulation

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

Americans with Disabilities Act of 1990 ("ADA")

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, a determination to the contrary could require removal of access barriers and non-compliance could result in litigation costs, costs to remediate deficiencies, U.S. government fines or in damages to private litigants. The obligation to make readily achievable accommodations is ongoing, and we will continue to assess our properties and to make alterations as appropriate in this respect.

Environmental, Health and Safety Matters

Our properties 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 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, death 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 our property may be used or our 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 historical uses which involved the use or storage of hazardous chemicals and petroleum products (for example, storage tanks, gas stations and 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 use 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 such as a lender, and we may not have the authorization to rely on such reports. None of the Phase I environmental site assessments of the lodging properties in our portfolio revealed any past or present environmental condition that we believe could have a material adverse effect on our business, consolidated financial position, or consolidated results of operations. 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 lodging properties (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 potential transmission of infectious diseases, the existence of mold and other airborne contaminants above regulatory thresholds, 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, and waste management. Some of our lodging properties also routinely handle and use hazardous or regulated substances and wastes as part of their operations (for example, swimming pool chemicals or biological waste). Our lodging properties incur costs, and in certain situations, may be required to limit operations, 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 lodging properties, 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, personal injury, or 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, consolidated financial position, or results of operations.

Corporate Responsibility Matters

Since establishing our Corporate Responsibility program in 2017, we have built upon our sustainability objectives, including tracking metrics related to our energy and water consumption and greenhouse gas emissions. We have also established science-aligned reduction targets for emissions and water usage. We continue to improve the efficiency of our buildings and promote sustainable operations through our resource management program, and we have sourced renewable energy for several lodging properties. Additionally, we have expanded charitable engagement with our community through the Summit Foundation, our 501(c)(3) nonprofit organization, and have broadened our social programs to enhance connectivity among our employees, business partners, and other stakeholders to better enable us to have a positive effect on our community.

Over the past few years, we have expanded the number of our lodging properties with smart building technologies, electric vehicle charging stations, and green certifications. We reduced our Scope 1 and 2 greenhouse gas emissions by 26% from our 2019 baseline year by reducing our energy consumption by approximately 6% and increasing the percentage of our electricity sourced from renewable energy by 12%. For more information on these and our other sustainability practices, including environmental and social metrics and results, please see our current sustainability report available on our website at https://www.shpreit.com/responsibility/about.

Tax Status

REIT Election

We have elected to be taxed as a REIT under Sections 856 through 859 of the IRC, commencing with our short taxable year ended December 31, 2011. 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 IRC relating to, among other things, the sources of our gross income, the composition and values of our assets, the timing and amount of our dividend distributions and the diversity of ownership of our stock. We believe that we have been organized and have operated in conformity with the requirements for qualification as a REIT under the IRC 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 the income from our lodging 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 lodging properties. We may, however, generate "rents from real property" through leasing our lodging properties to our TRSs, subject to certain conditions. A TRS is a fully taxable corporate subsidiary of a REIT that jointly elects with the REIT to be treated as a TRS of that REIT. Accordingly, all of our lodging properties are leased to our TRS Lessees. We have separate TRSs that lease the lodging properties owned in our joint ventures. We will lease newly acquired lodging properties to our existing TRSs or additional TRSs in the future. 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 lodging properties. All of our lodging properties are operated pursuant to lodging property management agreements with professional third-party property management companies. We believe each of the third-party managers qualifies as an “eligible independent contractor” under the IRC.

As a REIT, we generally will not be subject to federal income tax on our REIT taxable income that we distribute as dividends to our stockholders. Under the IRC, REITs are subject to numerous organizational and operational requirements, including a requirement that they distribute each year at least 90% of their taxable income, subject to certain adjustments 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 unable to re-elect REIT status until the fifth calendar year after the year in which we failed 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.

Human Capital Resources

As of February 13, 2025, we had 85 full-time corporate employees. None of our corporate employees is represented by a labor union or covered by a collective bargaining agreement. All persons employed in the day-to-day operations of our lodging properties are employees of our third-party independent property management companies engaged by our TRS Lessees or their subsidiaries to operate such lodging properties.

Our employees are vital to the success of our Company. We are committed to cultivating a culture of connectedness based on our primary values of passion, integrity, and excellence and strive to create an inspiring and inclusive work environment where our employees feel motivated and empowered to produce exceptional results for the Company. We strive to always be guided by our fundamental values and ethical standards to provide our team members with a fair and equitable work environment. We annually distribute and require acknowledgement of an employee handbook to all employees that provides direction on relevant policies related to conducting our business in accordance with our core values.

Our human capital resource objectives include, as applicable, identifying, recruiting, retaining and incentivizing our employees. To attract and retain top talent, we have designed our compensation and benefits programs to provide a balanced and effective reward structure, including:

- Subsidized medical, dental and vision insurance;
- Life and disability insurance;
- Stock grant program;
- 401(k) savings and retirement plan with Company Safe Harbor contribution;
- Paid family leave; and
- Employee education programs.

We believe that our compensation and employee benefits are competitive and allow us to attract and retain skilled employees throughout our Company. We frequently benchmark our compensation and benefits package against our industry peers, local market, and for similar job functions.

We have established social programs with the goal of promoting a culture of unity and collaboration among our various departments through career and personal development opportunities designed to inspire all of those involved. Our career and personal development focus on four main principles: (1) communication and teamwork; (2) networking and mentorship; (3) leadership development; and (4) work-life balance. In addition, we have a formal annual goal setting and performance review process for our employees.

We believe that equal employment opportunity is a fundamental principle and do not tolerate discrimination against any person on the basis of race, color, religious creed, sex, age, gender, gender identity, national origin, ancestry, present or past history of mental disability, learning disability, physical disability, marital status, pregnancy, genetic information, sexual orientation or any other protected characteristic as established by law, in recruiting, hiring, compensation, benefits, termination or any other terms or conditions of employment. Our employees have multiple avenues available through which concerns or inappropriate behavior can be reported, including a confidential hotline. Any concerns or reports of inappropriate behavior would be promptly investigated with appropriate action taken to address such concerns or behavior.

We are committed to maintaining a work culture that treats all employees fairly and with respect, promotes inclusivity and provides equal opportunities for advancement based on merit.

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. We will provide timely disclosures of amendments and waivers to the aforementioned documents, if any, via website posting. All reports that we have filed with the SEC including this Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q 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. The information contained on, or accessible through the SEC’s website or our website, is not incorporated by reference into this report and should not be considered a part of this report.

Item 1A. Risk Factors.

Summary of Risk Factors

Risks Related to Our Business

- Risks related to achieving revenue and net income growth
- Risks related to financing, including the risk of leverage and the corresponding risk of default on our existing indebtedness and potential inability to refinance or extend the maturities of our existing indebtedness;
- Risks related to acquisitions
- Risks of taxable gains as a result of lodging property dispositions
- Risks related to our third-party property management companies
- Risks related to lodging property management and franchise agreements
- Risks related to increased interest rates or continued high rates of interest, and our ability to hedge our interest rate exposure
- Risks related to retaining key personnel
- Risks related to organized labor
- Risks related to the effect on our business or guest confidence from a data breach or significant disruption of property operator information technology networks as a result of cyber-attacks that are greater than insurance coverages or indemnities from service providers
- Risks related to uninsured and underinsured losses
- Risks related to the management of our joint ventures
- Risks related to inflation
- Risks related to credit financing that we may provide to borrowers
- Risks related to global, national, regional and local economic and geopolitical conditions and events, including wars or potential hostilities, such as terrorist attacks that may affect travel

Risks Related to the Lodging Industry

- Risks related to infectious disease outbreaks or pandemics
- Risks related to adverse changes in economic conditions
- Risks related to competition from other lodging properties and alternative accommodations
- Risks inherent to the ownership of lodging properties and the markets in which we operate
- Risks related to lodging property development and other capital expenditures
- Risks related to changes in consumer trends and preferences

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

- Risks related to the illiquidity of real estate investments
- Risks related to compliance with the laws, regulations and covenants that apply to our lodging properties
- Risks related to right-of-use assets on which certain of our lodging properties are located
- Risks related to adverse changes in income and property tax rates or amendments to tax regimes that increase our state and local tax liabilities

Risks Related to Our Organization and Structure

- Risks related to our fiduciary duties as the general partner of our Operating Partnership
- Risks related to the provisions of our charter
- Risks related to the provisions of Maryland law
- Risks related to the limited rights of our stockholders
- Risks related to actions taken by our board of directors
- Risks related to being a holding company with no direct operations
- Risks related to maintaining an effective system of internal controls

Risks Related to Ownership of Our Securities

- Risks related to the continued listing of our securities on a nationally-recognized exchange
- Risks related to expected distributions
- Risks related to stock price volatility
- Risks related to the issuance of debt or equity securities

Risks Related to Our Status as a REIT

- Risks related to compliance with REIT requirements
- Risks related to our TRS structure, including increased tax liabilities and operating costs
- Risks that transactions with our TRSs are not conducted on arm's-length terms
- Risks that the management companies of our lodging properties may not qualify as “eligible independent contractors,” or our lodging properties may not be considered “qualified lodging facilities”
- Risks that the 100% prohibited transactions tax may limit our ability to dispose of our properties
- Risks related to adverse legislative or regulatory tax changes
- Risks related to our REIT distribution requirements
- Risks that our Operating Partnership could be treated as a publicly traded partnership taxable as a corporation for federal income tax purposes
- Risks that stockholders may be restricted from acquiring or transferring certain amounts of our stock
- Risks that the IRS could determine that certain payments we have received in the nature of liquidated damages may not be ignored for purposes of the gross income tests applicable to REITs

Risks Related to Corporate Responsibility

- Risks related to our corporate responsibility matters
- Risks related to environmental uncertainties and natural disasters

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, consolidated financial condition, consolidated 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 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 About Forward-Looking Statements." The discussion of the potential effect of the following risk factors on our financial results relates to our consolidated financial position, consolidated results of operations and cash flows.

Risks Related to Our Business

Our business strategy, future results of operations and growth prospects are dependent on achieving revenue and net income growth from anticipated increases in demand for lodging guestrooms and general economic conditions.

Our business strategy includes achieving continued revenue and cash flow growth from anticipated improvement in demand for lodging guestrooms driven by long-term economic growth. We, however, cannot provide any assurances that demand for lodging guestrooms will increase from current levels or continue to exceed the growth of new supply, or the time or extent of any demand growth that we do experience. If demand does not continue to increase as the economy grows, or if there is a slowdown in the general economy or a recession resulting in weakening demand, our operating results and growth prospects could be adversely affected. As a result, any slowdown in economic growth or an economic downturn could adversely affect our future results of operations and our growth prospects.

Our expenses may not decrease if our revenue decreases.

Many of the expenses associated with owning and operating lodging properties, such as debt service payments, property taxes, insurance, utilities, and certain employee compensation costs are relatively fixed. They do not necessarily decrease directly with a reduction in revenue at the lodging properties and may be subject to increases that are not related to the performance of our lodging properties or the increase in the rate of inflation. Also, as of December 31, 2024, six of our lodging properties are subject to third-party ground leases which generally require periodic increases in rent payments. Our ability to pay these rents could be adversely affected if our revenues for these lodging properties do not increase at the same or a greater rate than the increases in rental payments under the ground leases.

Additionally, certain costs, such as wages, benefits and insurance, may exceed the rate of inflation in any given period. In the event of a significant decrease in demand, the managers of our lodging properties may not be able to reduce the size of the property work forces in order to decrease compensation costs. Our managers also may be unable to offset any fixed or increased expenses with higher room rates. Any of our efforts to reduce operating costs also could adversely affect the future growth of our business and the value of our lodging properties.

Changes in federal or state regulations or policies may have a material adverse effect on labor markets and our business.

Changes in federal or state regulations or policies can have a significant effect on labor markets and our business. These potential changes in regulations or policies could adversely affect our consolidated financial position, results of operations, or the market price of our stock.

Actions by organized labor could have a material adverse effect on our business.

We believe that unions are generally becoming increasingly active about organizing workers at lodging properties in certain locations and in some cases are demanding changes to work rules or conditions that are potentially more costly to owners. Union activity in markets in which we own lodging properties can increase our operating costs even if our hotels are not unionized. If the workers at our lodging properties unionize in the future or if there is unionization activity in a market in which we own a lodging property, we could incur a significant increase in administrative, labor and legal expenses, which could adversely affect our consolidated financial position, results of operations, and cash flows or the market price of our stock.

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

Our growth strategy includes the disciplined acquisition of lodging properties as opportunities arise, which may be subject to restrictions related to our debt covenants. Our ability to acquire lodging properties on satisfactory terms or at all is subject to the following significant risks:

- we may be unable to acquire desired lodging properties because of competition from other real estate investors, 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 lodging properties are typically subject to customary conditions to closing, including satisfactory completion of due diligence investigations and the receipt of franchisor and lender consents, and we may spend significant time and incur significant transaction costs on potential acquisitions that we do not consummate.

Additionally, if the United States experiences a significant economic downturn, we would have to manage our costs and capital investments accordingly, which could adversely affect our near-term growth. Our inability to complete lodging property acquisitions on favorable terms or at all, could adversely affect our consolidated financial position, results of operations, and cash flows or the market price of our stock.

The sale of certain properties could result in significant tax liabilities unless we are able to offset taxable gains through tax planning strategies under the IRC including the use of net operating loss carryforwards ("NOLs") or like-kind exchanges under Section 1031 of the IRC ("1031 Exchanges").

If we generate capital gains on property sales, we may be subject to significant tax liabilities unless we have NOLs available to offset these capital gains (at December 31, 2024, our TRSs had federal net operating losses of $48.8 million which are not subject to expiration and state net operating losses of $33.6 million, which expire beginning in 2025). These NOLs may be available to offset capital gains from future property sales. However, there can be no assurance that we will continue to have NOLs or NOLs in sufficient amount in the future to offset capital gains on property sales, if and when they occur. We may also be able to defer capital gains on property sales with 1031 Exchanges. The ability to complete 1031 Exchanges depends on many factors, including, among others, identifying and acquiring suitable replacement property within limited time periods, and the ownership structure of the properties being sold and acquired. Therefore, we are not always able to sell an asset as part of a like-kind exchange. When successful, a like-kind exchange enables us to defer the taxable gain on the asset sold. Moreover, 1031 Exchanges now only apply to real property and do not apply to any related personal property transferred with the real property. As a result, any appreciated personal property that is transferred in connection with 1031 Exchanges of real property will cause gain to be recognized, and such gain is generally treated as non-qualifying income for the REIT 95% and 75% gross income tests. Any such non-qualifying income could have an adverse effect on our REIT status. Our inability to defer taxable gains from property sales using available tax planning strategies under the IRC could adversely affect our consolidated financial position, results of operations, and cash flows, or the market price of our stock.

We may fail to successfully integrate acquired lodging properties or achieve expected operating performance.

Our ability to successfully integrate newly acquired lodging properties or achieve expected operating performance 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, which could result in overpaying for lodging properties in new markets or the lodging properties not achieving their maximum potential;
- market conditions may result in lower-than-expected occupancy and guestroom rates;
- we may acquire lodging properties without any recourse, or with only limited recourse, for liabilities, whether known or unknown, such as cleanup of environmental contamination, claims by tenants, vendors or other persons against the former owners of the lodging properties and claims for indemnification by general partners, directors, officers and others indemnified by the former owners of the lodging properties;
- we may need to spend more than anticipated amounts to make necessary improvements or renovations to our newly acquired lodging properties;
- we may be unable to quickly and efficiently integrate new acquisitions, particularly acquisitions of portfolios of lodging properties, into our existing operations; and

- the inability of our acquired lodging properties to meet our operating performance expectations could adversely affect our consolidated financial position, results of operations, and cash flows or the market price of our stock.

We may assume liabilities in connection with the acquisition of lodging properties, including unknown liabilities.

We may assume existing liabilities in connection with the acquisition of lodging properties, some of which may be unknown or unquantifiable on the acquisition date. Unknown liabilities might include liabilities for cleanup or remediation of undisclosed environmental conditions, claims of lodging guests, vendors or other persons dealing with the seller of a particular lodging property, tax liabilities, employment-related issues and accrued but unpaid liabilities whether incurred in the ordinary course of business or otherwise. If the magnitude of such unknown liabilities is high, they could adversely affect our consolidated financial position, results of operations, and cash flows or the market price of our stock.

We may not be able to cause our management companies to operate any of our lodging properties in a manner that is satisfactory to us, and termination of our management agreements may be costly and disruptive.

To qualify as a REIT, we cannot operate or manage our lodging properties. Accordingly, all of our lodging properties are leased to TRS Lessees of our TRSs. All of our lodging properties are operated pursuant to management agreements with independent management companies, each of which must qualify as an "eligible independent contractor" to operate our lodging properties. As a result, our consolidated financial position, results of operations and our ability to service debt and make distributions to stockholders are dependent on the ability of our management companies to operate our lodging properties successfully. Any failure of our 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 lodging properties and could have a material adverse effect on our consolidated financial position, results of operations and cash flows.

Even if we believe a lodging property is being operated inefficiently or in a manner that does not result in satisfactory operating results, we will have limited ability to require the management company to change its method of operation. We generally attempt to resolve issues with our management companies through discussions and negotiations, but otherwise will only be able to seek redress if a management company violates the terms of the applicable management agreement, and then only to the extent of the remedies provided for under the terms of the management agreement. If we replace the management company of any of our lodging properties, we may be required to pay a substantial termination fee and we may experience significant disruptions at the affected lodging property.

Furthermore, we have certain indemnifications from our property managers that generally protect us from financial losses due to the gross negligence or willful misconduct of our property managers. However, the indemnifications may be insufficient, or the property manager may not have the financial wherewithal to support their indemnification obligation to us. As such, the indemnification may not provide us with sufficient protection against third-party claims resulting from the gross negligence or willful misconduct of our property managers in the operation of our lodging properties.

Our property managers or their affiliates manage, and in some cases own, have invested in, or provided credit support or operating guarantees to lodging properties that compete with our lodging properties, all of which may result in conflicts of interest. As a result, our managers may in the future make decisions regarding competing lodging facilities that are not or would not be in our best interest.

Certain of our lodging properties are managed by affiliates of the franchisors for such lodging properties. In these situations, the management agreement and the franchise agreement are typically combined into one document. Thus, the termination of the management agreement due to poor performance or breach of the management agreement by the management company could also terminate our franchise license. Thus, we may have very limited options to remedy poor management performance if we desire to retain the franchise license.

These conditions could adversely affect our consolidated financial position, results of operations, and cash flows or the market price of our stock.

The management of a large number of lodging properties in our portfolio is currently concentrated with one property management company.

As of December 31, 2024, Aimbridge Hospitality or its affiliates ("Aimbridge") managed 50 of our 97 lodging properties. Thus, a substantial portion of our revenues is generated by lodging properties managed by Aimbridge. This significant concentration of operational risk in one management company makes us more vulnerable economically than if our management was more diversified among several management companies. Any adverse developments in Aimbridge's business, financial strength or ability to operate our lodging properties efficiently and effectively could have a material adverse effect on our results of operations. We cannot provide assurance that Aimbridge will satisfy its obligations to us or effectively and efficiently operate our lodging properties. The failure or inability of Aimbridge to satisfy its obligations to us or effectively and efficiently operate our lodging properties could adversely affect our consolidated financial position, results of operations, and cash flows or the market price of our stock.

Our lodging properties may be clustered geographically increasing business risks based on adverse market conditions.

Our lodging properties are primarily located in the top 50 MSAs and 91% are located within the top 100 MSAs. In certain regions, we have lodging properties that are concentrated geographically, which may increase business risks based on adverse market conditions. Adverse market developments in a particular region, which themselves may become more frequent and severe due to climate change, could adversely affect lodging demand and rates. Also, adverse market developments caused by increased capacity in a region in which we are located could adversely affect rates or demand for our lodging properties due to increased competition. These conditions could have a material adverse effect on our profitability and cash generation.

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

Certain management agreements and substantially all franchise agreements generally contain restrictive covenants and other provisions that do not provide us with flexibility to sell, refinance or rebrand a lodging property without the consent of the manager or franchisor. For example, the terms of some of these agreements may restrict our ability to sell a lodging property unless the purchaser is not a competitor of the management company or franchisor, assumes the related agreement and meets specified other conditions. In addition, our franchise agreements restrict our ability to rebrand particular lodging properties 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 property managers or franchisors under these agreements as a condition to changing management or franchise brands of our lodging properties, 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.

These conditions could adversely affect our consolidated financial position, results of operations, and cash flows or the market price of our stock.

We are required to expend funds to maintain franchisor operating standards and we may experience a loss of a franchise license or a decline in the value of a franchise brand.

Our lodging properties operate under franchise agreements, and the maintenance of franchise licenses for our lodging properties is subject to our franchisors' operating standards and other terms and conditions. We expect that franchisors will periodically inspect our lodging properties to ensure that we, our TRS Lessees and our property management companies maintain our franchisors' standards. Failure by us, our TRS Lessees or our management companies to maintain these standards or other terms and conditions could result in a franchise license being terminated. 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 lodging property. As a condition of our continued holding of a franchise license, a franchisor could also require us to make capital improvements to our lodging properties, even if we do not believe the improvements are necessary or desirable or would result in an acceptable return on our investment.

The loss of a franchise license could materially and adversely affect the operations or the underlying value of the lodging property because of the loss of associated name recognition, marketing support and centralized reservation systems provided by the franchisor. Because our lodging properties are concentrated with a limited number of franchise brands, a loss of all of the licenses for a particular franchise could adversely affect our consolidated financial position, results of operations, and cash flows or the market price of our stock.

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 lodging properties 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.

To qualify as a REIT under the IRC, 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 continue to rely on external sources of capital, including debt and equity financing, and contributions from joint venture partners related to joint venture activities, to fund future capital needs. Part of our strategy involves the use of debt financing to supplement our equity capital which may include our revolving credit and term loan facilities, mortgage financing and other unsecured financing. Our ability to effectively implement and accomplish our business strategy will be affected by our ability to obtain and use 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 financing costs, stringent credit terms and significant volatility. We may not be able to secure first mortgage financing or increase the availability under, extend the maturity of or refinance our revolving credit and term loan facilities. 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 common stock.

Additionally, certain factors may have an adverse effect on our ability to access certain capital sources, including our financial performance, degree of leverage, the value of our unencumbered lodging properties, borrowing restrictions imposed by lenders, volatility in the equity and debt capital markets and other market conditions. 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 or 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.

We have a significant amount of debt. In the future, we may incur additional indebtedness to finance future lodging property acquisitions, capital improvements and development activities and other general 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, consolidated financial position and results of operations 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 mortgage debt carries maturity dates or call dates such that the loans become due prior to their full amortization. It may be difficult to refinance or extend the maturity of such loans on terms acceptable to us, or at all. Furthermore, we may not have sufficient borrowing capacity on our 2023 Senior Credit Facility to repay any amounts that we are unable to refinance. We believe that we will be able to refinance or extend the maturity of these loans or will have the capacity to repay them, if necessary, using draws under our 2023 Senior Credit Facility. However, there can be no assurance that our 2023 Senior Credit Facility will be available to repay such maturing debt as draws under our 2023 Senior Credit Facility are subject to certain use restrictions and limitations based upon our unencumbered assets and certain financial covenants.

These conditions could adversely affect our consolidated financial position, results of operations, and cash flows or the market price of our stock.

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

The agreements governing our 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 place mortgages on our unencumbered hotels;
- make certain investments in lodging properties or other assets;
- enter into, terminate or modify leases for our lodging properties and property management and franchise agreements;
- make certain expenditures, including capital expenditures;
- undertake construction of certain development assets if aggregate budgeted costs for such assets exceeds a specified percentage of total asset value;
- 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 exercise their remedies available under the terms of the loan agreements, which could include accelerating outstanding debt 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 equity pledges or foreclosing on or requiring the sale of our lodging properties, and the proceeds from the sale of these assets may not be sufficient to repay such debt in full.

These conditions could adversely affect our consolidated financial position, results of operations, and cash flows or the market price of our stock.

Secured debt obligations expose us to the possibility of foreclosure, which could result in the loss of our investment in any lodging property subject to mortgage debt or equity pledges.

A portion of our long-term debt existing as of December 31, 2024 is secured by mortgages on our lodging properties. Incurring mortgages, equity pledges 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 lodging property securing such loans or the entities whose equity is pledged to secure such loans, which would include a loss of all of such entity's assets. For tax purposes, a foreclosure of any of our lodging properties would be treated as a sale of the lodging property 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 lodging property, 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 IRC. We may assume or incur new mortgage or other secured indebtedness on the lodging properties and entities in our portfolio or lodging properties and entities that we acquire in the future. Any default under any one of our secured debt obligations may increase the risk of our default on our other indebtedness.

These conditions could adversely affect our consolidated financial position, results of operations, and cash flows or the market price of our stock.

An increase in interest rates would increase our interest costs on our variable rate debt and continued high rates of interest on our variable rate debt could have broader effects on the cost of capital for real estate companies and real estate asset values.

With respect to our existing and future variable-rate debt, an increase in interest rates would increase our interest payments and reduce our cash flow available for other general corporate purposes, including funding of working capital, capital improvements to our lodging properties, acquisitions of additional lodging properties, or dividends, among other things. 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 capital for real estate assets which, in turn, could have a negative effect on real estate asset values generally, and our lodging properties specifically. Continued high rates of interest on our variable debt could also result in an elevated cost of capital for an extended period which, in turn, could have a negative effect on real estate asset values generally, and our lodging properties specifically.

See “Part II — Item 7A. — *Quantitative and Qualitative Disclosures about Market Risk*.”

These conditions could adversely affect our consolidated financial position, results of operations, and cash flows or the market price of our stock.

We hedge our interest rate exposure to manage our exposure to interest rate volatility, however, such arrangements may adversely affect us.

We have entered into six interest rate swaps having an aggregate notional amount of $625.0 million at December 31, 2024, to hedge against interest rate increases on certain of our outstanding variable-rate indebtedness. In the future, we may manage our exposure to interest rate volatility by using hedging arrangements, such as interest rate swaps, caps, and collars. Hedging arrangements involve the risk that the arrangement may fail to protect or adversely affect us because, among other things:

- interest rate hedging can be expensive, particularly during periods of volatile interest rates;
- available interest rate hedges may not correspond directly with the interest rate risk for which protection is sought;
- the duration of the hedge may not match the duration of the related liability;
- the credit quality of the hedging counterparty owing money on the hedge may be downgraded to such an extent that it impairs our ability to collect, sell, or assign our side of the hedging transaction; and
- the hedging counterparty owing money in the hedging transaction may default on its obligation to pay.

As a result of any of the foregoing, our hedging transactions, which are intended to limit losses and exposure to interest rate volatility, could adversely affect our consolidated financial position, results of operations, and cash flows or the market price of our stock. At December 31, 2024, our interest rate swaps were in an asset position totaling $11.6 million (see "Part II – Item 8. – *Financial Statements and Supplementary Data – Note 8 – Derivative Financial Instruments and Hedging*").

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 activities. 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 adversely affect our consolidated financial position, results of operations, and cash flows or the market price of our stock.

We could incur uninsured and underinsured losses.

We intend to maintain comprehensive insurance on our lodging properties, including liability, fire and extended coverage, of the type and amount we believe are customarily obtained for or by owners of properties similar to our lodging properties. Various types of catastrophic losses, such as hurricanes, floods and droughts, which can be exacerbated by climate change, or other losses caused by earthquakes, acts of terrorism, data breaches, losses related to business disruption from disputes with franchisors, losses related to business disruption caused by infectious disease outbreaks or pandemics, or losses from customer litigation, 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 operating loss or the full market value or replacement cost of our lost investment. Also, insurance costs could increase or be limited, or insurance coverage may not be available at all in the future for our lodging properties. 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 lodging property, as well as the anticipated future revenue from the lodging property. In that event, we might nevertheless remain obligated for any mortgage debt or other financial obligations related to the asset. Loan covenants, 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 lodging properties.

These conditions could adversely affect our consolidated financial position, results of operations, and cash flows or the market price of our stock.

System security risks, data protection breaches, cyber-attacks and systems integration issues could disrupt our internal operations or services provided to guests at our lodging properties, and any such disruption could reduce our expected revenue, increase our expenses, damage our reputation and adversely affect our stock price.

We and our third-party managers and franchisors rely on information technology networks and systems, including the Internet, to process, transmit and store electronic customer information. These systems require the collection and retention of large volumes of the personally identifiable information of the guests of our lodging properties, including credit card numbers. 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 personally 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. Cyber-attacks are expected to accelerate on a global basis in both frequency and magnitude as threat actors are becoming increasingly sophisticated in using techniques that circumvent controls, evade detection, and remove or obfuscate forensic evidence, which means that we and our third-party providers may be unable to detect, investigate, contain or recover from future attacks or incidents in a timely or effective manner.

Cyber criminals may be able to penetrate our network security, or the network security of our property managers and franchisors, and misappropriate or compromise our confidential information or that of the guests of our lodging properties, create system disruptions or cause the shutdown of our lodging properties. Computer programmers and hackers also may be able to develop and deploy viruses, worms and other malicious software programs that attack our computer systems, or the computer systems operated by our third-party property managers and franchisors, or otherwise exploit any security vulnerabilities of our respective networks. In addition, sophisticated hardware and operating system software and applications that we and our third-party property managers or franchisors may procure from outside companies may contain defects in design or manufacture, including "bugs" and other problems that could unexpectedly interfere with our internal operations or the operations at our lodging properties.

The costs to eliminate or alleviate cyber or other security problems, bugs, viruses, worms, malicious software programs and security vulnerabilities could be significant, and efforts to address these problems may not be successful and could result in interruptions, delays, cessation of service and loss of existing or potential business at our lodging properties. Many of the information systems and networks used to operate our lodging properties are managed by our third-party property managers or franchisors and are not under our control. Any compromise of the function, security and availability of the information networks managed by our third-party property managers or franchisors could result in disruptions to operations, delayed sales or bookings, lost guest reservations, increased costs and lower margins. In addition, the Pandemic caused a shift to remote work and has increased cybersecurity risk as a result of global remote working dynamics for our customers, employees and third-party providers that present additional opportunities for threat actors to engage in social engineering and to exploit vulnerabilities in non-corporate networks. Any of these events could adversely affect our financial results, stock price and reputation, result in misstated financial reports and subject us to potential litigation and liability.

Portions of our information technology infrastructure or the information technology infrastructure of our third-party property managers and franchisors also may experience interruptions, delays or cessations of service or produce errors in connection with systems integration or migration work that takes place from time to time. We or our third-party property managers and franchisors may not be successful in implementing new systems and transitioning data, which could cause business disruptions and be expensive, time consuming, disruptive and resource-intensive. Such disruptions could adversely affect the ability of our third-party property managers and franchisors to fulfill reservations for guestrooms and other services offered at our lodging properties.

Although we work with our third-party property managers and franchisors to protect the security of our information systems, and the data maintained in these systems, there can be no assurance that the security measures we have taken will prevent failures, inadequacies or interruptions in system services, or that system security will not be breached through physical or electronic break-ins, computer viruses or attacks by hackers. The increased level of sophistication and volume of attacks in recent years make it more difficult to predict the effect of a future breach. In addition, we rely on the security systems of our third-party property managers and franchisors to protect proprietary and guest information from these threats.

All of our third-party property managers carry cyber insurance policies to protect and offset a portion of potential costs that may be incurred from a security breach. Additionally, we currently have cyber insurance policies to provide supplemental coverage above the coverage carried by our third-party property managers. Despite various precautionary steps to protect our lodging properties from losses resulting from cyber-attacks, any occurrence of a cyber-attack could still result in losses at our properties, which could affect our results of operations. We have not experienced any cyber incidents that we believe to be material or that could have a material adverse effect on the business, consolidated financial position and results of operations of the Company.

Any of these items could adversely affect our consolidated financial position, results of operations, and cash flows or the market price of our stock.

We may not be able to manage rapidly advancing artificial intelligence in our business which could adversely affect our competitive position.

The evolution of artificial intelligence is occurring at a rapid pace. Artificial intelligence may present an opportunity to create meaningful efficiencies and improve our business performance. If we or our property managers and brand franchisors are unable to address artificial intelligence in our business, we could experience a material adverse effect on our consolidated financial position, results of operations, or the market price of our stock.

Joint venture investments could be adversely affected by a lack of sole decision-making authority with respect to such investments, disputes with joint venture partners, and the financial condition of joint venture partners.

We have in the past and may in the future enter into strategic joint ventures with unaffiliated investors to acquire, develop, improve or dispose of lodging properties, 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, and as a result we may not be able to take actions which are in the best interest of our stockholders. Further, 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 lodging properties owned by the applicable joint venture to additional risks.

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 of that joint venture 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 adversely affect our consolidated financial position, results of operations, and cash flows or the market price of our stock.

Inflation may affect consumer confidence which could reduce consumer demand for lodging, and may increase our operating costs, resulting in a material adverse effect on our business, consolidated financial position, results of operations and cash flows.

Our business is generally correlated to certain macroeconomic trends. During the year ended December 31, 2022 and thereafter, the U.S. economy has experienced a high rate of inflation, which has moderated during the year ended December 31, 2024 but still remains above historical levels. The effects of high inflation or a potential recessionary environment could adversely affect our costs, liquidity, consumer confidence, and demand for travel and lodging and could disrupt our supply chain, which would adversely affect the operation of our lodging properties. A high rate of inflation or disruption of our supply chain will cause our operating and renovation costs to increase. These conditions could have a material adverse effect on our business, consolidated financial position, results of operations and cash flows.

We may provide mezzanine financing to developers or seller financing in connection with the disposition of a lodging property which exposes us to credit financing risk in the case of a borrower default, resulting in a material adverse effect on our business, consolidated financial position, results of operations and cash flows.

We selectively provide mezzanine financing to developers, where we also have the opportunity to acquire the lodging property at or after the completion of the development project, and we also provide seller financing in connection with the disposition of a lodging property under limited circumstances. As such, we are subject to credit financing risk in the case of a borrower default. These conditions could have a material adverse effect on our business, consolidated financial position, results of operations and cash flows.

Risks Related to the Lodging Industry

The outbreak of any highly infectious or contagious diseases, could adversely affect the number of guests visiting our lodging properties and disrupt our operations, resulting in a material adverse effect on our business, consolidated financial position, results of operations and cash flows.

Our business is sensitive to the willingness and ability of our customers to travel. The outbreak of any highly infectious or contagious diseases or a pandemic may result in decreases in travel to and from, and economic activity in, areas in which we operate, and may adversely affect the number of guests that visit our lodging properties. The spread of highly infectious or contagious diseases could cause severe disruptions in air and other forms of travel that reduce the number of guests visiting our lodging properties. This could disrupt our operations, and we could experience a material adverse effect on our business, consolidated financial position, results of operations and cash flows. Management cannot predict the extent to which disruptions in travel as a result of infectious disease outbreaks will have a material adverse effect on our business, consolidated financial position, results of operations and cash flows.

Economic conditions may adversely affect the lodging industry.

The performance of the lodging industry has historically been directly correlated 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. Economic weakness could adversely affect our consolidated financial position, results of operations, and cash flows or the market price of our stock.

We experience a high level of competition from other hotels and alternative accommodations in the markets in which we operate.

The lodging industry is highly competitive. Our lodging properties compete with other properties for guests in each market in which our lodging properties operate based on a number of factors, including location, convenience, brand affiliation, guestroom rates, range of services and guest amenities or accommodations offered and quality of customer service. We also compete with owners and operators of vacation ownership resorts, as well as companies that offer alternative accommodations, such as Airbnb and similar organizations. These organizations operate websites that market available furnished, privately-owned residential properties, including homes and condominiums, that can be rented on a nightly, weekly or monthly basis. Competition will often be specific to the individual markets in which our lodging properties are located and includes competition from existing and new lodging properties, including alternative accommodations. The price transparency of the lodging industry could lead to difficulty in increasing ADR as our competitors may offer guestrooms 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.

These conditions could adversely affect our consolidated financial position, results of operations, and cash flows or the market price of our stock.

Our operating results and ability to make distributions to our stockholders may be adversely affected by the risks inherent to the ownership of lodging properties and the markets in which we operate.

Lodging properties have different economic characteristics than other real estate assets with long-term leases. Our lodging properties are subject to various operating risks common to the lodging industry, many of which are beyond our control, including the following:

- relatively short-duration occupancies;
- dependence on business and commercial travelers and tourism;
- over-building of lodging properties in our markets, which could adversely affect occupancy and revenue at the lodging properties we acquire;
- 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, including increased real estate and personal property taxes and insurance costs due to inflation and other factors that may not be offset by increased guestroom rates;
- potential increases in labor costs at our lodging properties, including as a result of unionization of the labor force, and increasing health care insurance expense;
- 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;
- adverse effects of international, national, regional and local economic and market conditions; 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, travel-related environmental concerns including water contamination and air pollution, political instability, regional hostilities, increases in fuel prices, imposition of taxes or surcharges by regulatory authorities and travel-related accidents and unusual weather patterns, including natural disasters such as hurricanes.

These conditions could adversely affect our consolidated financial position, results of operations, and cash flows or the market price of our stock.

We have significant ongoing needs to make capital expenditures at our lodging properties, which require us to devote funds to these purposes.

Our lodging properties 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, our lenders and property management companies 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, including the effect of supply-chain disruptions;
- defects in design or construction;
- a possible shortage of available cash to fund capital improvements and replacements and, the related possibility that financing for these 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.

These conditions could adversely affect our consolidated financial position, results of operations, and cash flows or the market price of our stock.

Development of lodging properties is subject to timing, budgeting and other risks.

We have in the past and may in the future develop lodging properties or acquire lodging properties that are under development as suitable opportunities arise, taking into consideration general economic conditions. The development of lodging properties involves a number of risks, including the following:

- possible environmental problems;
- construction cost overruns and delays;
- receipt of and expense related to 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 lodging properties or acquire lodging properties under development, we cannot provide assurance that any development project will be completed on time or within budget. Our inability to complete a project on time or within budget could adversely affect our consolidated financial position, results of operations, and cash flows or the market price of our stock.

Customers may increasingly use Internet travel intermediaries.

Guestrooms for our lodging properties can be booked through Internet travel intermediaries, including, but not limited to Expedia.com and Booking.com, and their portfolio of companies (commonly referred to as "online travel agents" or "OTA's"). As these Internet bookings increase, these OTA's may be able to obtain higher commissions, reduced guestroom rates or other significant contract concessions from our property management companies. Moreover, some of these OTA's are attempting to offer lodging property guestrooms as a commodity, by increasing the importance of price and general indicators of quality (such as “three-star downtown property”) at the expense of brand identification. These OTA's hope that consumers will eventually develop brand loyalties to their reservations system rather than to the brands under which our lodging properties are franchised. If the amount of sales made through OTA's increases significantly, guestroom revenue may be negatively affected, which could adversely affect our consolidated financial position, results of operations, and cash flows or the market price of our stock.

Consumer trends and preferences, particularly with respect to younger generations, could change away from select-service lodging properties.

Consumer trends and preferences continuously change, especially within younger generations. Many new lodging property brands have been introduced over recent years to specifically address the perceived unique needs and preferences of younger travelers. As our portfolio is concentrated in select-service hotels, significant consumer shifts in preferences away from select-service hotels could adversely affect our consolidated financial position, results of operations, and cash flows or the market price of our stock.

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 lodging properties or to adjust our portfolio in response to changes in economic and other conditions.

Our ability to promptly sell one or more lodging properties 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 lodging properties 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. As such, the composition of our portfolio may be difficult to vary in response to changing economic, financial and investment conditions. The real estate market is also 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;
- governmental laws and regulations, fiscal policies and zoning ordinances and the related costs of compliance with laws and regulations, fiscal policies and ordinances and any changes thereto;
- the ongoing need for capital improvements, particularly in older structures, that may require us to periodically close or partially close our assets for renovation and 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, environmental uncertainties, or outbreaks of highly infectious diseases or pandemics.

These conditions could adversely affect our consolidated financial position, results of operations, and cash flows or the market price of our stock.

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

Our lodging properties and development land 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 or former owner of the property, to perform or pay for the cleanup of contamination (including hazardous substances, waste or petroleum products) at 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 knew of or caused the contamination. We can also be liable to private parties for costs of remediation, personal injury and death or property damage resulting from contamination at or emanating from our properties. 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 lodging properties (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, air emissions from emergency generators, storm water and wastewater discharges, asbestos, lead-based paint, mold and mildew, and waste management. Some of our lodging properties also routinely handle or use hazardous or regulated substances and waste in their operations (for example, swimming pool chemicals or biological waste). Our lodging properties 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 lodging properties, 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, consolidated financial position, or results of operations.

Certain lodging properties 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.

These conditions could adversely affect our consolidated financial position, results of operations, and cash flows or the market price of our stock.

Compliance with the laws, regulations and covenants that apply to our lodging properties, 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 lodging properties are subject to various covenants and local laws and regulatory requirements, including permitting and licensing requirements which can restrict the use of our properties and increase the cost of acquisition, development and operation of our lodging properties. Our lodging properties are also subject to regulations intended to address the risk of highly infectious diseases which can restrict certain activities of our lodging properties and result in increased costs. In addition, federal and state laws and regulations, including laws such as 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. We have not conducted a comprehensive audit or investigation of all of our properties to determine our compliance. As such, some of our lodging properties currently may be in noncompliance with the ADA. If one or more of the lodging properties 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 property 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. These conditions could adversely affect our consolidated financial position, results of operations, and cash flows or the market price of our stock.

We have fixed obligations related to right-of-use assets on which certain of our lodging properties are located.

If we default on the terms of any of our right-of-use assets, such as ground leases, air rights or other intangible assets, 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 lodging property on the ground lease property. An event of default that is not timely cured could adversely affect our consolidated financial position, results of operations, and cash flows or the market price of our stock.

The states and localities in which we own material amounts of property or conduct material business operations could raise their income and property tax rates or amend their tax regimes in a manner that increases our state and local tax liabilities.

We and our subsidiaries are subject to income tax and other taxes by states and localities in which we conduct business. Additionally, we are and will continue to be subject to property taxes in states and localities in which we own property, and our TRS Lessees are and will continue to be subject to state and local corporate income tax. As these states and localities seek additional sources of revenue, they may, among other steps, raise income and property tax rates or amend their tax regimes to eliminate for state income tax purposes the favorable tax treatment REITs enjoy for federal income tax purposes. We cannot predict when or if any states or localities would make any such changes, or what form those changes would take. If states and localities in which we own material amounts of property or conduct material amounts of business make changes to their tax rates or tax regimes that increase our state and local tax liabilities, such increases could adversely affect our consolidated financial position, results of operations, and cash flows or the market price of our stock.

Risks Related to Our Organization and Structure

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 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.

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" and "control share" provisions.

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 into the business combination provisions of the MGCL and we may, by amendment to our bylaws, opt into 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.

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 stockholders have limited voting rights and our charter contains provisions that make removal of our directors difficult.

Our shares of common stock are the only class of our securities that carry full voting rights. Voting rights for holders of our preferred stock exist primarily with respect to the ability to elect two additional directors to our board of directors in the event that six quarterly dividends (whether or not consecutive) payable on the preferred stock are in arrears, and with respect to voting on amendments to our charter or articles supplementary relating to the preferred stock that materially and adversely affect the rights of the holders of preferred stock or create additional classes or series of senior equity securities. However, NewcrestImage has the right to designate one person for election to our board of directors in connection with the Director Nomination Agreement entered into as part of the NCI Transaction, subject to certain conditions.

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 or effect other management changes that are 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 consolidated financial position, results of operations, and cash flows or the market price of our stock.

Our board of directors has the ability to revoke our REIT qualification without stockholder approval.

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 liabilities on taxable income allocated to us from our Operating Partnership (which might make distributions to us that do not equal 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, including the Convertible Notes (as defined under "Part II - Item 8. – *Financial Statements and Supplementary Data – Note 6 - Debt*"). 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 87% of the Common Units in the Operating Partnership, all of the issued and outstanding 6.25% Series E Cumulative Redeemable Preferred Units of the Operating Partnership ("Series E Preferred Units"), and all of the issued and outstanding 5.875% Series F Cumulative Redeemable Preferred Units of the Operating Partnership ("Series F Preferred Units"). An unrelated third-party owns all of the issued and outstanding Series Z Preferred Units that were issued in January 2022 as part of the NCI Transaction. 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 Preferred Units, they will not have any voting rights with respect to any such issuances or other partnership-level activities of the Operating Partnership.

If we are unable to maintain an effective system of internal controls, we may not be able to produce and report accurate financial information on a timely basis or prevent fraud.

A system of internal controls that is well designed and properly functioning is critical for us to produce and report accurate and reliable financial information and effectively prevent fraud. We must also rely on the quality of the internal control environments of our third-party property managers who provide us with financial information related to our lodging properties. At times, we may identify areas of internal controls that are not properly functioning as designed, that need improvement or that must be developed to ensure that we have an adequate system of internal controls. Section 404 of the Sarbanes-Oxley Act of 2002 requires us to evaluate and report on our internal controls over financial reporting and have our independent auditors annually issue their own opinion on our internal controls over financial reporting. We cannot be certain that we will be successful in maintaining adequate internal controls over our financial reporting and processes. Additionally, as we grow our business, our internal controls will become more complex, and we will require significantly more resources to ensure that our internal controls remain effective. If we or our independent auditors discover a material weakness, the disclosure of that fact, even if promptly remedied, could cause our stockholders to lose confidence in our financial results, which could reduce the market value of our common shares. Additionally, the existence of any material weakness or significant deficiency could require management to devote substantial time and incur significant expense to remediate any such conditions. There can be no assurance that management will be able to remediate any material weaknesses in a timely manner.

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.

Our common stock trades on the NYSE under the symbol "INN," our 6.25% Series E Cumulative Redeemable Preferred Stock trades on the NYSE under the symbol "INN-PE," and our 5.875% Series F Cumulative Redeemable Preferred Stock trades on the NYSE under the symbol "INN-PF." In order for our securities 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;
- a limited ability of our stockholders to make transactions in our securities;
- additional trading restrictions being placed on us;
- 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.

The cash available for distribution may not be sufficient to make distributions at expected levels and we may use borrowed funds or funds from other sources to make distributions.

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 limitations imposed by our credit facilities, 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 2023 Senior 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 our 2023 Senior Credit Facility to pay distributions, we would be more limited in our ability to execute our strategy of using our 2023 Senior Credit Facility to fund acquisitions or capital expenditures. 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.

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 market 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;
- increases in interest rates;
- 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, convertible notes or other securities in the future;
- the inclusion of our common stock and preferred stock in equity indices, which could induce additional purchases;
- the exclusion of our common stock and preferred stock from equity indices;
- the addition or departure of key personnel;
- announcements by us or our competitors of acquisitions, investments or strategic alliances;
- 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, political instability, regional hostilities, increases in fuel prices, imposition of taxes or surcharges by regulatory authorities and travel-related accidents and unusual weather patterns, including natural disasters; and
- changes in the tax laws or regulations to which we are subject.

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 may 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. As of February 13, 2025, all 14,609,276 of the Common Units are redeemable and may in the future be converted into shares of our common stock on a one-for-one basis and sold into the public market. The exchange of Common Units for common stock, the vesting of any equity-based awards granted to certain directors, executive officers and other employees under the 2024 Equity Incentive Plan, which was restated effective May 22, 2024 (as amended and restated, the "Equity Plan"), the issuance of our common stock or Common Units in connection with lodging property, 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 may execute 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).

In the future we may offer debt securities and issue equity securities, including convertible notes, Common Units, 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 preemptive 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.

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.

The REIT rules and regulations are highly technical and complex. We believe that our organization and method of operation has 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 provide assurance that we will remain qualified as a REIT.

Failure to qualify as a REIT could result from a number of situations, including, without limitation:

- if the leases of our lodging properties to our TRS Lessees are not respected as true leases for federal income tax purposes;
- if our Operating Partnership is treated as a publicly traded partnership taxable as a corporation for federal income tax purposes;
- if our existing or future property management companies do not qualify as “eligible independent contractors” or if our lodging properties are not “qualified lodging facilities,” as required by federal income tax law; or
- if we, or any of our subsidiary REITs, fail to meet any of the required REIT qualifications.

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 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 could adversely affect the value of our stock.

Even if we continue to qualify as a REIT, we may face other tax liabilities.

Even if we continue to qualify for taxation as a REIT, we may be subject to certain federal, state and local taxes on our income and assets including, but not limited to 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. 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 IRC.

The REIT distribution requirements may adversely affect our operations.

To satisfy the requirements for 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, limits on our ability or the ability of certain of our subsidiaries to deduct interest expense from borrowings under Section 163(j) of the IRC, the effect of non-deductible capital expenditures, the creation of reserves, required debt service or amortization payments. Our 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. 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 to fund distributions required to maintain our qualification as a REIT.

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 typically consists of the revenue from the lodging properties leased by our TRS Lessees, net of the operating expenses for such lodging properties and rent payments to us. In certain circumstances, the ability of our TRSs to deduct interest expense or utilize net operating loss carryforwards for federal income tax purposes may be limited. Accordingly, although our ownership of our TRSs allows us to participate in the operating income from our lodging properties 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.

Our TRS Lessee structure subjects us to the risk of increased lodging property operating expenses.

Our leases with our TRS Lessees require our TRS Lessees to pay us rent based in part on revenue from our lodging properties. Our operating risks include decreases in lodging revenues and increases in lodging operating expenses, including but not limited to increases in wage and benefit costs, repair and maintenance expenses, energy 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 could adversely affect our consolidated financial position, results of operations, and cash flows or the market price of our stock.

Our Operating Partnership could be treated as a publicly traded partnership taxable as a corporation for federal income tax purposes.

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 that is 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 significantly reduce the amount of cash available for debt service and for distribution to us.

Our current property management companies, or any other property management companies that we may engage in the future may not qualify as "eligible independent contractors," or our lodging properties may not be considered "qualified lodging facilities."

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 lodging properties are managed by an "eligible independent contractor" and certain other requirements are satisfied. We lease all of our lodging properties to our TRS Lessees. All of our lodging properties are operated pursuant to property management agreements with property management companies that we believe qualify as an "eligible independent contractor." Among other requirements, to qualify as an eligible independent contractor, the property 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 lodging property 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 lodging property 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 property 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 TRS at each time that such company enters into a property management contract with a TRS or its TRS Lessee. As of the date hereof, we believe each of our property 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 property management companies or any other property 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 are qualified lodging facilities. Although we intend to monitor future acquisitions and improvements of properties, REIT provisions of the IRC 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. If any of our properties are not deemed to be a "qualified lodging facility," we may fail to qualify as a REIT.

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 20% of the value of a REIT's assets may consist of stock or securities of one or more TRSs. In addition, the IRC limits the deductibility of interest paid or accrued by a TRS to its parent REIT to provide assurance that the TRS is subject to an appropriate level of corporate taxation. The IRC 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. We monitor the value of our investment 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 20% TRS limitations or to avoid application of the 100% excise tax.

If any subsidiary REIT failed to qualify as a REIT, we could be subject to higher taxes and could fail to remain qualified as a REIT.

We own and may in the future own interests in entities that have elected to be taxed as a REIT under the U.S. federal income tax laws (each, a "subsidiary REIT"). A subsidiary REIT is subject to the various REIT qualification requirements and other limitations described herein that are applicable to us. If any of our subsidiary REITs were to fail to qualify as a REIT, then (i) such subsidiary REIT would become subject to U.S. federal income tax and (ii) our ownership of shares in such subsidiary REIT would cease to be a qualifying asset for purposes of the asset tests applicable to REITs. If any subsidiary REIT were to fail to qualify as a REIT, it is possible that we would fail certain of the asset tests applicable to REITs, in which event we would fail to qualify as a REIT unless we could avail ourselves of certain relief provisions. We may make "protective" TRS elections with respect to our subsidiary REITs and may implement other protective arrangements intended to avoid such an outcome if a subsidiary REIT were not to qualify as a REIT, but there can be no assurance that such "protective" election and other arrangements will be effective to avoid the resulting adverse consequences to us. Moreover, even if the "protective" TRS election was to be effective in the event of the failure of our subsidiary REIT to maintain its qualification as a REIT, such subsidiary REIT would be subject to federal income tax and we cannot assure you that we would not fail to satisfy the requirement that not more than 20% of the value of our total assets may be represented by the securities of one or more TRSs. In this event, we would fail to qualify as a REIT unless we or such subsidiary REIT could avail ourselves or itself of certain relief provisions.

We may be subject to adverse legislative or regulatory tax changes.

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 and we could experience a reduction in the price of our stock. We cannot predict the long-term effect of any recent changes or any future law changes on REITs and their stockholders. In addition, several proposals have been made that would make substantial changes to the federal income tax laws generally. We cannot predict whether any of these proposed changes will become law.

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

The stock ownership restrictions of the IRC 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.

To qualify as a REIT for each taxable year, five or fewer individuals, as defined in the IRC, 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 IRC 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. To help ensure 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 in our common stock and cash, in which case stockholders may sell shares of our common stock to pay taxes on such dividends.

We may distribute taxable dividends that are payable in cash and common stock at the election of each stockholder. Under IRS Revenue Procedure 2017-45, as a publicly offered REIT, as long as at least 20% of the total dividend is eligible to be paid in cash and certain other requirements are satisfied, the IRS will treat the stock distribution as a dividend (to the extent applicable rules treat such distribution as being made out of our earnings and profits). 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 U.S. federal income tax purposes. As a result, stockholders may be required to pay income taxes 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 to pay these taxes, 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 with 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 decide to sell shares of our common stock 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.

The 100% prohibited transactions tax may limit our ability to dispose of our properties, and we could incur a material tax liability if the IRS successfully asserts that the 100% prohibited transaction tax applies to some or all of our past or future dispositions.

A REIT's net income from prohibited transactions is subject to a 100% tax. In general, prohibited transactions are sales or other dispositions of property, other than foreclosure property, held primarily for sale to customers in the ordinary course of business. We have selectively disposed of certain of our properties in the past and intend to make additional dispositions in the future. Although a safe harbor to the characterization of the sale of property by a REIT as a prohibited transaction is available, some of our past dispositions may not have qualified for that safe harbor and some or all of our future dispositions may not qualify for that safe harbor. We believe that our past dispositions will not be treated as prohibited transactions, and we may avoid disposing of property that may be characterized as held primarily for sale to customers in the ordinary course of business. Consequently, we may choose not to engage in certain sales of our properties or may conduct such sales through our TRSs, which would be subject to federal and state income taxation as a corporation. Moreover, no assurance can be provided that the IRS will not assert that some or all of our past or future dispositions are subject to the 100% prohibited transactions tax. If the IRS successfully imposes the 100% prohibited transactions tax on some or all of our dispositions, the resulting tax liability could be material.

The IRS could determine that certain payments we have received in the nature of liquidated damages may not be ignored for purposes of the gross income tests applicable to REITs.

In connection with our purchases and sales of properties, we have received payments in the nature of liquidated damages. The IRC does not specify the treatment of litigation settlements and liquidated damages for purposes of the gross income tests applicable to REITs. The IRS has issued private letter rulings to other taxpayers ruling that such payments will be ignored for purposes of the gross income tests. A private letter ruling can be relied upon only by the taxpayer to whom it was issued. Based on the IRS's private letters rulings and the advice of our tax advisors, we believe these payments should be ignored for purposes of the gross income tests. No assurance can be provided that the IRS will not successfully challenge that position. In the event of a successful challenge, we believe that we would be able to maintain our REIT status if we qualified to use a REIT "savings clause" and paid the required penalty.

Risks Related to Certain Corporate Responsibility Matters

Increasing attention to and evolving expectations for corporate responsibility matters may increase our costs, harm our reputation, or otherwise adversely affect our business.

Our reputation could be harmed if we fail, or are perceived to fail, to comply with various regulatory requirements or if we are unable to meet expectations in a number of areas such as health, safety and security; sustainability; environmental stewardship; climate change; human rights; and corporate governance. We manage a broad range of corporate responsibility matters, taking into consideration their expected effect on the sustainability of our business over time, and the potential effect of our business on society and the environment. In addition, such efforts can be costly and complex; both guest and shareholder expectations regarding such matters are evolving, and navigating these issues will require us to successfully manage differing views on these matters. Adverse incidents with respect to our corporate responsibility efforts could negatively affect our reputation, the cost of our operations, and relationships with guests and investors, all of which could adversely affect our business, consolidated results of operations, and the price of our stock.

Our business is subject to risks that may arise from climate change.

There are inherent climate-related risks wherever businesses operate. We are subject to risks associated with natural disasters, including but not limited to storms, flooding, droughts, wildfires, and extreme temperature events. Such disasters may become more frequent or intense as a result of climate change. Climate change may also result in negative physical effects, including rising sea levels and changes in temperature and precipitation patterns. As a result of the foregoing, we may experience increased costs or decreased availability of certain products which are important to our or our lessees' operations, including but not limited to insurance, water, and energy. Separately, we have incurred, and in future may continue to incur, costs associated with structural enhancements to our lodging properties to mitigate climate-related effects. While such costs to-date have not been material, we cannot guarantee that we will not be subject to material costs in future. Even in situations where we have engaged in mitigation efforts, we may incur significant losses or repair costs or business interruptions that may not be fully covered by insurance.

Additionally, our business is exposed to risks associated with efforts to mitigate or respond to climate change, including but not limited to regulatory developments and changes in market demand. For example, some state and local governments have adopted, or considered adopting, restrictions on water use or GHG emissions. Separately, various policymakers such as in the State of California have adopted or are considering adopting requirements for the disclosure of certain climate-related information, which may require us to incur substantial monitoring and compliance costs. Changes in consumer preferences, whether due to physical climate conditions or environmentally-minded travel considerations, may also result in decreased demand for lodging in certain markets where we operate. These and other risks may reduce demand for our properties or otherwise result in adverse effects on our business, consolidated financial position, and results of operations.

Item 1B. Unresolved Staff Comments.

None.

Item 1C. Cybersecurity.

Cybersecurity Risk Management and Strategy

We have developed and implemented a cybersecurity risk management program intended to protect the confidentiality, integrity, and availability of our critical systems and information. Our cybersecurity risk management program includes a cybersecurity incident response plan. We engage third-party cybersecurity and information technology ("IT") experts who work with our Chief Risk Officer and Chief Accounting Officer to review and test our IT environment, and to identify potential risks from cybersecurity threats and proactively mitigate their potential effect; the results of which are presented to management and the audit committee of our board of directors. Our team of IT experts hold various relevant certifications and have extensive experience in assessing, detecting, responding to and mitigating cybersecurity risks.

Our cybersecurity risk management program is integrated with our overall enterprise risk management program, and shares common methodologies, reporting channels and governance processes that apply across the enterprise risk management program to other legal, compliance, strategic, operational, and financial risk areas.

Our cybersecurity risk management program includes the following key elements:

- risk assessments designed to help identify material cybersecurity risks to our critical systems, information, services, and our broader enterprise IT environment;

- the use of external cybersecurity service providers, where appropriate, to assess, test or otherwise assist with aspects of our security processes and internal IT and risk management professionals principally responsible for directing (1) our cybersecurity risk assessment processes, (2) our security processes, and (3) our response to cybersecurity incidents;

- cybersecurity awareness training of employees with access to our IT systems;

- a cybersecurity incident response plan to respond to cybersecurity incidents; and

- a third-party risk management process for service providers.

We have not identified risks from known cybersecurity threats, including as a result of any prior cybersecurity incidents, that have materially affected us, including our operations, business strategy, consolidated financial position, or results of operations. We face certain ongoing risks from cybersecurity threats that, if realized, are reasonably likely to materially affect us, including our operations, business strategy, consolidated financial position, or results of operations. *See "Risk Factors – Risks Related to Our Business."*

Cybersecurity Governance

Our board of directors (the "Board") considers cybersecurity risk as critical to the enterprise and manages the cybersecurity risk oversight function through the Audit Committee. The Audit Committee oversees management's design, implementation and enforcement of our cybersecurity risk management program.

Our Chief Risk Officer ("CRO") periodically reports to the Audit Committee and leads the Company's overall cybersecurity function. The Audit Committee receives regular reports from our CRO on our cybersecurity risks, including briefings on our cyber risk management program. A potentially material cybersecurity incident would be immediately reported to the Audit Committee and management would continue to brief the Audit Committee on management's response to the cybersecurity incident. Audit Committee members also receive periodic presentations on cybersecurity topics from our CRO, supported by our information technology staff, or external experts as part of the Board's continuing education on topics that may affect public companies.

Our CRO supervises efforts to prevent, detect, mitigate, and remediate cybersecurity risks and incidents through various means, which include briefings from internal personnel; threat intelligence and other information obtained from governmental, public or private sources, including external cybersecurity service providers; and alerts and reports produced by security tools deployed in our IT environment.

Item 2. Properties.

Our Portfolio

According to current chain scales as defined by STR, as of December 31, 2024, six of our lodging properties with a total of 953 guestrooms are categorized as Upper Upscale hotels, 74 of our lodging properties with a total of 11,295 guestrooms are categorized as Upscale hotels, and 15 of our lodging properties with a total of 2,248 guestrooms are categorized as Upper Midscale hotels. We have two independent lodging properties with a total of 57 guestrooms. Lodging property information for the year ended December 31, 2024 is as follows:

Franchise/Brand	Location	STR Chain Scale	Number of Guestrooms
Marriott			
AC Hotel by Marriott	Atlanta, GA	Upscale	255
AC Hotel by Marriott (1)	Houston, TX	Upscale	195
AC Hotel by Marriott (2)	Miami, FL	Upscale	156
AC Hotel by Marriott (1)	Frisco, TX	Upscale	150
AC Hotel by Marriott (1)	Oklahoma City, OK	Upscale	142
AC Hotel by Marriott (1)	Dallas, TX	Upscale	128
Courtyard by Marriott	Indianapolis, IN	Upscale	297
Courtyard by Marriott	Fort Lauderdale, FL	Upscale	261
Courtyard by Marriott	Nashville, TN	Upscale	226
Courtyard by Marriott	New Haven, CT	Upscale	207
Courtyard by Marriott	Fort Worth, TX	Upscale	203
Courtyard by Marriott (1)	Pittsburgh, PA	Upscale	183
Courtyard by Marriott	Charlotte, NC	Upscale	181
Courtyard by Marriott (1)	Grapevine, TX	Upscale	181
Courtyard by Marriott	Decatur, GA	Upscale	179
Courtyard by Marriott (1)	Scottsdale, AZ	Upscale	153
Courtyard by Marriott	Metairie, LA	Upscale	153
Courtyard by Marriott	Atlanta, GA	Upscale	150
Courtyard by Marriott	New Orleans, LA	Upscale	140
Courtyard by Marriott	Kansas City, MO	Upscale	123
Courtyard by Marriott (1)	Amarillo, TX	Upscale	107
Courtyard by Marriott	Arlington, TX	Upscale	103
Element (2)	Miami, FL	Upscale	108
Fairfield Inn & Suites by Marriott	Louisville, KY	Upper Midscale	140
Marriott	Boulder, CO	Upper Upscale	165
Residence Inn by Marriott (1)	Portland, OR	Upscale	258
Residence Inn by Marriott	Baltimore, MD	Upscale	189
Residence Inn by Marriott	Cleveland, OH	Upscale	175
Residence Inn by Marriott	Atlanta, GA	Upscale	160
Residence Inn by Marriott	Watertown, MA	Upscale	150
Residence Inn by Marriott (1)	Frisco, TX	Upscale	150
Residence Inn by Marriott	Hunt Valley, MD	Upscale	141
Residence Inn by Marriott	Portland, OR	Upscale	124
Residence Inn by Marriott (1)	Hillsboro, OR	Upscale	122
Residence Inn by Marriott (1)	Dallas, TX	Upscale	121
Residence Inn by Marriott	Metairie, LA	Upscale	120
Residence Inn by Marriott (1)	Scottsdale, AZ	Upscale	120
Residence Inn by Marriott (1)	Tyler, TX	Upscale	119
Residence Inn by Marriott (1)	Steamboat Springs, CO	Upscale	110
Residence Inn by Marriott	Branchburg, NJ	Upscale	101
Residence Inn by Marriott	Arlington, TX	Upscale	96
SpringHill Suites by Marriott	Louisville, KY	Upscale	198
SpringHill Suites by Marriott	Indianapolis, IN	Upscale	156
SpringHill Suites by Marriott (1)	Dallas, TX	Upscale	148

Franchise/Brand	Location	STR Chain Scale	Number of Guestrooms
SpringHill Suites by Marriott (1)	Scottsdale, AZ	Upscale	121
SpringHill Suites by Marriott	Nashville, TN	Upscale	78
SpringHill Suites by Marriott (1)	New Orleans, LA	Upscale	74
TownePlace Suites by Marriott (1)	Grapevine, TX	Upper Midscale	120
TownePlace Suites by Marriott (1)	New Orleans, LA	Upper Midscale	105
Total Marriott (49 hotel properties)			**7,542**
Hilton			
Canopy Hotel (1)	New Orleans, LA	Upper Upscale	176
Canopy Hotel (1)	Frisco, TX	Upper Upscale	150
DoubleTree	Brisbane, CA	Upscale	210
Embassy Suites (1)	Amarillo, TX	Upper Upscale	226
Embassy Suites (1)	Tucson, AZ	Upper Upscale	120
Hampton Inn & Suites (1)	Revere, MA	Upper Midscale	250
Hampton Inn & Suites	Minneapolis, MN	Upper Midscale	211
Hampton Inn & Suites	Austin, TX	Upper Midscale	209
Hampton Inn & Suites (1)	Dallas, TX	Upper Midscale	176
Hampton Inn & Suites (1)	Tampa, FL	Upper Midscale	138
Hampton Inn & Suites	Camarillo, CA	Upper Midscale	116
Hampton Inn & Suites	Baltimore, MD	Upper Midscale	116
Hampton Inn & Suites	Poway, CA	Upper Midscale	108
Hampton Inn & Suites (1)	Silverthorne, CO	Upper Midscale	88
Hilton Garden Inn	Houston, TX	Upscale	190
Hilton Garden Inn	Houston, TX	Upscale	182
Hilton Garden Inn (1)	Milpitas, CA	Upscale	161
Hilton Garden Inn (1)	Grapevine, TX	Upscale	152
Hilton Garden Inn (1)	Vienna, VA	Upscale	149
Hilton Garden Inn	Waltham, MA	Upscale	148
Hilton Garden Inn (1)	Longview, TX	Upscale	122
Hilton Garden Inn	Greenville, SC	Upscale	120
Homewood Suites (1)	Aliso Viejo, CA	Upscale	129
Homewood Suites (1)	Tucson, AZ	Upscale	122
Homewood Suites (1)	Midland, TX	Upscale	118
Total Hilton (25 hotel properties)			**3,887**
Hyatt			
Hyatt House	Orlando, FL	Upscale	168
Hyatt House	Miami, FL	Upscale	163
Hyatt House	Englewood, CO	Upscale	135
Hyatt Place	Minneapolis, MN	Upscale	213
Hyatt Place	Chicago, IL	Upscale	206
Hyatt Place	Mesa, AZ	Upscale	152
Hyatt Place	Orlando, FL	Upscale	151
Hyatt Place	Orlando, FL	Upscale	150
Hyatt Place	Portland, OR	Upscale	136
Hyatt Place (1)	Oklahoma City, OK	Upscale	134
Hyatt Place	Lone Tree, CO	Upscale	127
Hyatt Place	Englewood, CO	Upscale	126
Hyatt Place	Scottsdale, AZ	Upscale	126
Hyatt Place (1)	Grapevine, TX	Upscale	125
Hyatt Place (1)	Lubbock, TX	Upscale	125
Hyatt Place	Garden City, NY	Upscale	122
Total Hyatt (16 hotel properties)			**2,359**

Franchise/Brand	Location	STR Chain Scale	Number of Guestrooms
IHG			
Holiday Inn Express & Suites	San Francisco, CA	Upper Midscale	252
Holiday Inn Express & Suites (1)	Oklahoma City, OK	Upper Midscale	124
Holiday Inn Express & Suites (1)	Grapevine, TX	Upper Midscale	95
Hotel Indigo	Asheville, NC	Upper Upscale	116
Staybridge Suites	Glendale, CO	Upscale	121
Total IHG (5 hotel properties)			**708**
Other			
Nordic Lodge (1)	Steamboat Springs, CO	Independent	46
Onera (3)	Fredericksburg, TX	N/A	11
Total Other (2 properties)			**57**
Total Portfolio (97 lodging properties)			**14,553**

(1) We own a 51% controlling interest in these lodging properties through our consolidated GIC Joint Venture.
(2) We own a 90% controlling interest in these lodging properties through our consolidated Brickell Joint Venture.
(3) We own a 90% controlling interest in this lodging property through our consolidated Onera Joint Venture.

In addition to our lodging property portfolio, we own a 5.99-acre parcel of undeveloped land in San Antonio, TX and a 1.29-acre parcel of undeveloped land in Flagstaff, AZ that are designated as Assets held for sale at December 31, 2024. In February 2025, we closed on the sale of the parcel of undeveloped land in San Antonio, TX for $1.3 million. The land parcels are generally suitable for the development of new lodging properties or the development of restaurants. When unique opportunities to develop lodging properties utilizing our own resources arise, we may develop our own lodging properties on occasion. To reduce the risk of incurring a prohibited transaction tax on any sales of our undeveloped land, we may transfer some or all of these land parcels to our TRSs.

Our Lodging Property Operating Agreements

Ground Leases

At December 31, 2024, six of our lodging properties are subject to third-party ground lease agreements that cover all of the land underlying the respective lodging property.

- The Residence Inn by Marriott located in Portland (Portland Airport at Cascade Station), OR 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 (Portland Airport/Cascade Station), OR 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 Hampton Inn & Suites located in Austin, TX is subject to a ground lease with an initial lease termination date of May 31, 2050. Annual ground rent currently is estimated to be $0.4 million, including performance-based incentive rent. Annual rent is increased every five years with the next adjustment coming in 2025.

- The Hilton Garden Inn located in Houston (Galleria), TX is subject to a ground lease with an initial lease termination date of April 20, 2053 with one option to extend for an additional 10 years. Annual ground rent currently is estimated to be $0.5 million, including performance-based incentive rent. Annual rent is increased every five years with the next adjustment coming in 2028.

- The Embassy Suites located in Amarillo, TX is subject to a ground lease with an initial lease termination date of October 1, 2095. The annual ground rent is nominal and increases every year.

- The Canopy Hotel located in New Orleans, LA is subject to a ground lease with an initial lease termination date of December 31, 2054. The annual ground rent is nominal and is fixed for the first 30 years.

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

At December 31, 2024, all except for two of our lodging properties operate under franchise agreements, or similar agreements, that allow for access to reservation systems with Marriott, Hilton, Hyatt, or IHG. We believe that the public's perception of the quality associated with a branded lodging property can be 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, loyalty programs, training of personnel and maintenance of operational quality at lodging properties across the brand system.

The terms of our franchise agreements generally range from 10 to 30 years with various extension provisions. Each of our franchisors receive franchise fees ranging from 3% to 6% of each lodging property's room revenue, and some agreements require that we pay marketing fees of up to 4% of room revenue. In addition, some of these franchise agreements require that we deposit into a reserve fund for capital expenditures up to 5% of the lodging property's gross or room revenues, depending on the franchisor, to ensure that we comply with the franchisors' standards and requirements. We also pay fees to our franchisors for services related to reservation and information systems.

Property Management Agreements

At December 31, 2024, all of our lodging properties are operated pursuant to property management agreements with professional third-party property management companies as follows:

Management Company	Number of Properties	Number of Guestrooms
Affiliates of Aimbridge Hospitality, LLC	50	7,525
OTO Development, LLC	11	1,559
Affiliates of Magna Hospitality Group, L.C.	10	1,619
Stonebridge Realty Advisors, Inc. and affiliates	7	1,042
Crestline Hotels & Resorts, LLC	7	927
Affiliates of Marriott, including Courtyard Management Corporation, SpringHill SMC Corporation and Residence Inn by Marriott, Inc.	4	563
White Lodging Services Corporation	2	453
Hersha Hospitality Management	2	338
Concord Hospitality Enterprises Company, LLC	2	264
InterContinental Hotel Group Resources, Inc., an affiliate of IHG	1	252
Blink Data Services, LLC	1	11
Total	**97**	**14,553**

Our typical property management agreement requires us to pay a base fee to our property manager calculated as a percentage of total property revenues. In addition, our property management agreements generally provide that the property manager can earn an incentive fee upon achieving earnings before interest, taxes, depreciation and amortization ("EBITDA") over certain thresholds. Our TRS Lessees may employ other property managers in the future. We do not have any ownership or economic interest in any of the property management companies engaged by our TRS Lessees. However, we have a purchase option to acquire a 10% to 15% equity interest in the entity that owns the Onera brand, which is an affiliate of Blink Data Services, LLC, if we reach certain investment thresholds in Onera-branded properties.

Item 3. Legal Proceedings.

We are involved from time to time in litigation arising in the ordinary course of business; however, there are currently no pending legal actions that we believe would have a material adverse effect on our consolidated financial position or results of operations.

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

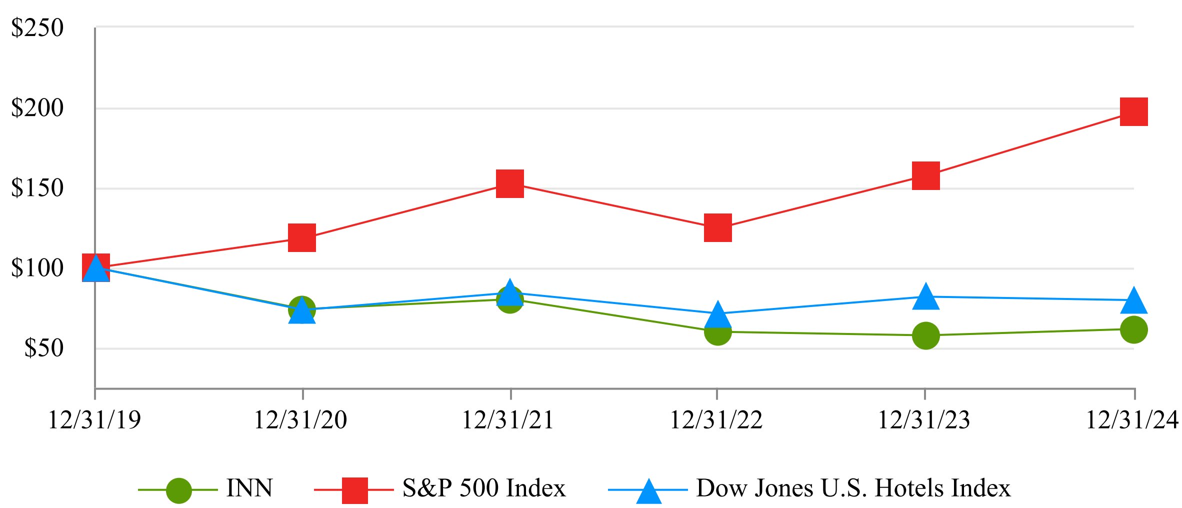
Our common stock began trading on the NYSE on February 9, 2011 under the symbol "INN." Prior to that time, there was no public trading market for our common stock. The last reported sale price for our common stock as reported on the NYSE on February 13, 2025 was $6.58 per share.

Stockholder Information

As of February 13, 2025, our common stock was held of record by 251 holders and there were 109,781,527 shares of our common stock outstanding.

Stockholder Return Performance

The following graph compares the five-year cumulative total stockholder return on our common stock against the cumulative total returns of the Standard & Poor's Corporation Composite 500 Index and the Dow Jones U.S. Hotels Index. The graph assumes an initial investment of $100 in our common stock and in each of the indexes, and also assumes the reinvestment of dividends.



	For the Years Ended December 31,					
Index	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Summit Hotel Properties, Inc.	$ 100.00	$ 74.15	$ 80.32	$ 59.98	$ 57.75	$ 61.73
S&P 500 Index	$ 100.00	$ 118.40	$ 152.39	$ 124.79	$ 157.59	$ 197.02
Dow Jones U.S. Hotels Index	$ 100.00	$ 73.69	$ 84.40	$ 71.42	$ 81.91	$ 79.75

This performance graph shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or incorporated by reference into any filing of Summit Hotel Properties, Inc. (or any of our respective subsidiaries) under the Securities Act, except as shall be expressly set forth by specific reference in such filing.

Distribution Information

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

The timing and frequency of distributions will be authorized by our Board, in its sole discretion, and declared by us based upon a variety of factors deemed relevant by our directors, including financial condition, restrictions under applicable law and loan agreements, capital requirements and the REIT requirements of the IRC. Our ability to make distributions will generally depend on receipt of distributions from the Operating Partnership, which depends primarily on lease payments from our TRS Lessees with respect to our lodging properties.

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

In January 2025, our Board declared cash dividends of $0.390625 per share of Series E Preferred Stock and $0.3671875 per share of Series F Preferred Stock. The Board also declared on behalf of the Operating Partnership, a cash dividend of $0.328125 per share of the Operating Partnership's Series Z Preferred Units. Our Board also declared a quarterly cash dividend of $0.08 per share on our common stock and per Common Unit of the Operating Partnership. These dividends are payable February 28, 2025 to stockholders and unitholders of record on February 14, 2025.

Item 6. [Reserved]

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

Industry Trends and Outlook

Room-night demand in the U.S. lodging industry is generally correlated to certain macroeconomic trends. Key drivers of demand, and therefore lodging revenues, include changes in gross domestic product, corporate profits, capital investments, and employment. From a cost perspective, elevated inflation increased the cost of salaries, wages, supplies, material, freight, insurance and energy in recent years. A portion of these costs were partially offset by lodging price increases. While certain costs remain above historical levels, expense growth has moderated to a pace consistent with historical long-term inflation rates.

During 2024, we experienced same-store revenue growth as a result of strong group and improved business transient demand which was partially offset by normalization in leisure demand. The long-term outlook for industry revenue growth remains favorable as forecasted room night demand growth and increases in average daily rate, combined with minimal supply growth, are expected to drive continued industry RevPAR growth over the next several years.

Operating Performance Metrics

We use a variety of performance indicators 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 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 lodging properties, groups of lodging properties 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:

- **Hotel EBITDA** — Hotel EBITDA is a measure of the operating performance of our lodging properties after excluding the effects of financing decisions, tax systems, and non-cash expenses such as depreciation and amortization.
- **Hotel Gross Operating Profit** — Hotel Gross Operating Profit ("GOP") is a measure of the profitability of our lodging properties from core operations and represents Hotel EBITDA exclusive of property taxes, insurance, and management fees.
- **Occupancy** — Occupancy represents the total number of guestrooms occupied divided by the total number of guestrooms available.
- **Average Daily Rate** — ADR represents total room revenues divided by the total number of paid occupied guestrooms.
- **Revenue Per Available Room** — RevPAR is the product of ADR and Occupancy.

Occupancy, ADR and RevPAR are commonly used measures within the lodging industry to evaluate operating performance. RevPAR is an important metric for monitoring operating performance at the individual lodging property level and across our business as a whole. We evaluate individual lodging property RevPAR performance on an absolute basis with comparisons to budget and prior periods, as well as on a company-wide and market-by-market basis. ADR and RevPAR are based only on room revenue. Room revenue depends on demand (as measured by occupancy), pricing (as measured by ADR), and our available supply of lodging property guestrooms. 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, air travel and other business and leisure travel, new lodging property construction, and the pricing strategies of competitors. In addition, our ADR, occupancy and RevPAR performance is dependent on the continued success of our partners, franchisors and brands.

Lodging Property Portfolio Activity

We continually evaluate alternatives to refine our portfolio to drive growth and create value. In the normal course of business, we evaluate opportunities to acquire additional properties that meet our investment criteria and opportunities to recycle capital through the disposition of properties. As such, the composition and size of our portfolio of properties may change materially over time. Significant changes to our portfolio of properties could have a material effect on our Consolidated Financial Statements.

In May 2023, we completed the sale of four lodging properties for an aggregate gross selling price of $28.1 million. The sale included two Hyatt Place hotels in the Chicago area containing a total of 277 guestrooms, a Hilton Garden Inn in the Minneapolis area containing 97 guestrooms, and a Holiday Inn Express & Suites in the Minneapolis area containing 93 guestrooms. These lodging properties were classified as Assets held for sale at December 31, 2022 and their carrying values during the year then ended were reduced by $2.9 million to write-down the carrying value of the properties to their net selling price less estimated costs to sell.

In June 2023, the GIC Joint Venture acquired the Residence Inn by Marriott located in Scottsdale, AZ containing 120 guestrooms for a purchase price of approximately $29.0 million. GIC made a capital contribution of $13.7 million, or 49% of the cash paid at closing, to the GIC Joint Venture, and the Operating Partnership made a capital contribution of $14.3 million, or 51% of the cash paid at closing to the GIC Joint Venture, along with $1.0 million of earnest money that was paid from available cash of the GIC Joint Venture to fund the purchase price. The Operating Partnership made its capital contribution to the GIC Joint Venture with available cash on hand and borrowings on our corporate revolving line of credit.

In June 2023, the GIC Joint Venture acquired the Nordic Lodge located in Steamboat Springs, CO containing 47 guestrooms for a purchase price of approximately $13.7 million. GIC made a capital contribution of $6.7 million, or 49% of the purchase price, to the GIC Joint Venture and the Operating Partnership made a capital contribution of $7.0 million, or 51% of the purchase price, to the GIC Joint Venture to fund the purchase price. The Operating Partnership made its capital contribution to the GIC Joint Venture with available cash on hand and borrowings on our corporate revolving line of credit.

In December 2023, we completed the sale of the 123-guestroom Hyatt Place in Baltimore (Owings Mills), MD for a gross selling price of $8.3 million. The net selling price less costs to sell approximated the net book value of the hotel property on the sale date resulting in a nominal gain that was recorded in the fourth quarter of 2023.

During the fourth quarter of 2023, the GIC Joint Venture entered into a purchase and sale agreement with a third-party to sell the 127-guestroom Hyatt Place Dallas (Plano), TX for $10.3 million. We reclassified the property in Assets held for sale, net at December 31, 2023 and recorded a write-down of $4.0 million in the fourth quarter of 2023 for the excess of the net carrying amount of the portfolio of properties over the net selling price less estimated costs to sell. We completed the sale of the property in February 2024 under the terms described above.

In April 2024, we completed the sale of the 202-guestroom Courtyard by Marriott and the 208-guestroom SpringHill Suites by Marriott, both located in New Orleans, LA, for an aggregate selling price of $73.0 million, which resulted in a gain of approximately $28.3 million.

In April 2024, the GIC Joint Venture completed the sale of the 119-guestroom Hilton Garden Inn - Bryan (College Station), TX for $11.0 million. The net selling price of the lodging property approximated its net book value on the closing date.

In October 2024, we completed the sale of the 101-guestroom Four Points by Marriott San Francisco Airport for $17.7 million, which resulted in a gain of approximately $0.4 million.

In December 2024, the GIC Joint Venture acquired the Hampton Inn located in Revere (Boston), MA and the Hilton Garden Inn located in Tysons Corner (Vienna), VA with an aggregate total of 399 guestrooms for a combined purchase price of $96.0 million. The purchase price (including approximately $0.3 million of acquisition costs) was funded through a combination of a $2.9 million escrow deposit, capital contributions from our GIC Joint Venture partner totaling $21.5 million, $49.5 million of borrowings on our expanded GIC Joint Venture Credit Facility (See "Part II – Item 8. – *Financial Statements and Supplementary Data – Note 6 - Debt"*), and our capital contribution of $22.4 million from proceeds from the sale of the Four Points by Marriott San Francisco Airport and cash on hand.

During the first quarter of 2023, we entered into a purchase and sale agreement with a third-party to sell a 5.99-acre parcel of undeveloped land in San Antonio, TX for $1.3 million. The property was recorded in Assets held for sale, net at December 31, 2024. In February 2025, we closed the sale of the property.

See "Part II – Item 8. – *Financial Statements and Supplementary Data –Note 3 - Investments in Lodging Property, net*" to the Consolidated Financial Statements for additional information concerning our asset acquisitions, development, and dispositions.

Revenues and Operating Expenses

Our revenues are derived from lodging operations and consist of room revenue, food and beverage revenue and other revenue. As a result of our focus on lodging properties with efficient operating models, substantially all of our revenues are related to the sales of guestrooms. Our other revenue consists of ancillary revenues related to meeting rooms, parking and other guest services provided at certain of our properties.

Our property operating expenses consist primarily of expenses incurred in the day-to-day operation of our lodging properties. Many of our expenses are fixed, such as essential lodging property staff, real estate taxes, insurance, and depreciation. These expenses generally do not decrease even if the revenues at our lodging properties decrease. Room expense includes housekeeping and front office wages and payroll taxes, room supplies, laundry services and other costs. Food and beverage expense primarily includes the cost of food, the cost of beverages and associated labor costs. Other operating expenses include labor and other costs associated with administrative departments, sales and marketing, repair and maintenance, utility costs and franchise fees.

Results of Operations

The comparisons that follow should be reviewed in conjunction with the Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K.

Comparison of 2024 to 2023

The following table contains key operating metrics for our total portfolio and our same-store portfolio for the year ended December 31, 2024 compared with the year ended December 31, 2023 (dollars in thousands, except ADR and RevPAR). Our same-store portfolio consists of properties that we owned as of December 31, 2024 and that we have owned at all times since January 1, 2023.

	2024		2023		Year-over-Year Dollar Change		Year-over-Year Percentage Change	
	Total Portfolio (97 Properties)	Same-Store Portfolio (93 properties)	Total Portfolio (100 properties)	Same-Store Portfolio (93 properties)	Total Portfolio (97/100 properties)	Same-Store Portfolio (93 properties)	Total Portfolio (97/100 properties)	Same-Store Portfolio (93 properties)
Revenues:								
Room	$ 650,713	$ 631,461	$ 656,063	$ 619,358	$ (5,350)	$ 12,103	(0.8)%	2.0 %
Food and beverage	40,865	40,543	41,513	40,561	(648)	(18)	(1.6)%	— %
Other	40,205	39,439	38,551	36,967	1,654	2,472	4.3 %	6.7 %
Total	$ 731,783	$ 711,443	$ 736,127	$ 696,886	$ (4,344)	$ 14,557	(0.6)%	2.1 %
Expenses:								
Room	$ 146,790	$ 142,297	$ 148,005	$ 137,780	$ (1,215)	$ 4,517	(0.8)%	3.3 %
Food and beverage	30,964	30,677	31,580	30,596	(616)	81	(2.0)%	0.3 %
Other lodging property operating expenses	224,409	218,053	224,901	211,047	(492)	7,006	(0.2)%	3.3 %
Total	$ 402,163	$ 391,027	$ 404,486	$ 379,423	$ (2,323)	$ 11,604	(0.6)%	3.1 %
Occupancy	73.6 %	73.7 %	72.0 %	72.8 %	n/a	n/a	2.2 %	1.2 %
ADR	$ 167.48	$ 167.30	$ 165.04	$ 166.59	$ 2.44	$ 0.71	1.5 %	0.4 %
RevPAR	$ 123.19	$ 123.34	$ 118.81	$ 121.31	$ 4.38	$ 2.03	3.7 %	1.7 %

The total portfolio information above for the years ended December 31, 2024 and 2023 reflects operating results for various portions of each year for certain lodging properties as a result of the sales and acquisitions of lodging properties. The following table details how the acquisition and disposition transactions affect each reporting year:

	Transaction Date	Portion of Operating Results Included For the Years Ended December 31, 2024	2023
Acquired Properties:			
For the Year Ended December 31, 2024:			
Portfolio of Two Lodging Properties	December 2024	Partial Period	None
For the Year Ended December 31, 2023:			
Residence Inn - Scottsdale, AZ	June 2023	Full Period	Partial Period
Nordic Lodge - Steamboat Springs, CO	June 2023	Full Period	Partial Period
Sold Properties:			
For the Year Ended December 31, 2024:			
Four Points by Marriott San Francisco Airport	October 2024	Partial Period	Full Period
Courtyard by Marriott and SpringHill Suites - New Orleans, LA	April 2024	Partial Period	Full Period
Hilton Garden Inn - College Station, TX	April 2024	Partial Period	Full Period
Hyatt Place - Dallas (Plano), TX	February 2024	Partial Period	Full Period
For the Year Ended December 31, 2023:			
Hyatt Place - Baltimore (Owings Mills), MD	December 2023	None	Partial Period
Portfolio of Four Lodging Properties	May 2023	None	Partial Period

Changes from the year ended December 31, 2024 compared with the year ended December 31, 2023 were due to the following:

- *Revenues and RevPAR*. Room revenues for our total portfolio decreased by $5.4 million for the year ended December 31, 2024 compared with the year ended December 31, 2023 as a result of a $17.5 million decrease in room revenues due to the net effect of the sale of five lodging properties during the year ended December 31, 2024 (the "2024 Sold Properties") and five properties during the year ended December 31, 2023 (the "2023 Sold Properties), and the acquisition of two lodging properties during the year ended December 31, 2024 (the "2024 Acquired Properties") and two lodging properties during the year ended December 31, 2023 (the "2023 Acquired Properties"), partially offset by a $12.1 million increase in same-store revenues driven by improving business transient and group demand which mitigated the effect of the normalization in leisure demand.

  On a same store basis, the improvements in our business resulted in an increase of approximately 1.2% in occupancy and a 0.4% in ADR during the year ended December 31, 2024, which resulted in an 1.7% increase in same-store RevPAR. For the total portfolio, we experienced an increase of approximately 2.2% in occupancy and an increase of 1.5% in ADR during the year ended December 31, 2024. This resulted in an increase in RevPAR of 3.7% for the year ended December 31, 2024 compared with the year ended December 31, 2023. The increase in RevPAR was primarily due to net effect of the sales of lodging properties during the years ended December 31, 2024 and 2023 with lower nominal RevPAR and the acquisition of lodging properties over the same period with higher nominal RevPAR.

- *Room Expenses*. Room expenses for our total portfolio decreased by $1.2 million for the year ended December 31, 2024 compared with the year ended December 31, 2023 as a result of a $5.7 million decrease in room expenses due to the net effect of the sale of the 2024 Sold Properties and the 2023 Sold Properties, and the acquisition of the 2024 Acquired Properties and the 2023 Acquired Properties, partially offset by a $4.5 million increase in same-store room expenses primarily driven by a 1.2% increase in same-store occupancy.

- *Food and Beverage Revenues and Expenses*. Total portfolio food and beverage revenues decreased by $0.6 million for the year ended December 31, 2024 compared with the year ended December 31, 2023 primarily as a result of a $0.6 million decrease in same-store revenues.

- *Other Hotel Operating Revenues and Expenses*. Other lodging property operating revenues for our total portfolio increased by $1.7 million for the year ended December 31, 2024 compared with the year ended December 31, 2023 as a result of a $2.5 million increase in same-store Other lodging property and operating revenues primarily related to an increase in parking and resort fees due to higher occupancy, partially offset by a $0.8 million decrease in Other lodging property operating revenues driven by the net effect the sale of the 2024 Sold Properties and the 2023 Sold Properties, and the acquisition of the 2024 Acquired Properties and the 2023 Acquired Properties.

  The $0.5 million decrease in total portfolio Other lodging property operating expenses for the year ended December 31, 2024 in comparison with the year ended December 31, 2023 was driven by a $7.5 million decrease in Other lodging property operating expenses due to the net effect of the sale of the 2024 Sold Properties and the 2023 Sold Properties, and the acquisition of the 2024 Acquired Properties and the 2023 Acquired Properties, partially offset by a $7.0 million increase in same-store Other lodging property operating expenses that resulted from increased labor costs, credit card commissions, sales and marketing costs, and utilities.

The following table includes other consolidated income and expenses for 2024 compared with 2023 (dollars in thousands):

	For the Twelve Months Ended December 31,			
	2024	2023	Dollar Change	Percentage Change
Property taxes, insurance and other	$ 54,116	$ 55,167	$ (1,051)	(1.9)%
Management fees	15,866	18,452	(2,586)	(14.0)%
Depreciation and amortization	146,436	150,924	(4,488)	(3.0)%
Corporate general and administrative	31,891	32,530	(639)	(2.0)%
Loss on impairment and write-down of assets	6,723	16,661	(9,938)	(59.6)%
Recoveries of credit losses	—	(1,230)	1,230	nm[1]
Gain (loss) on disposal of assets, net	28,912	(337)	29,249	nm[1]
Interest expense	82,632	86,798	(4,166)	(4.8)%
Interest income	1,906	1,688	218	12.9 %
Gain on extinguishment of debt	3,000	—	3,000	nm[1]
Other income, net	4,384	1,005	3,379	nm[1]
Income tax benefit (expense)	8,743	(2,798)	11,541	nm[1]

(1) Not meaningful

Changes from the year ended December 31, 2024 compared with the year ended December 31, 2023 were due to the following:

- *Property Taxes, Insurance and Other*. The $1.1 million decrease in Property taxes, insurance and other during the year ended December 31, 2024 is primarily the result of greater reductions in property tax expenses during the year ended December 31, 2024 compared with the prior year due to successful appeal efforts, coupled with a reduction of state franchise taxes and other tax accruals during the period, partially offset by an increase in insurance costs.

- *Management Fees*. Management fees decreased during the year ended December 31, 2024 by $2.6 million due to the net effect of the sale of the 2024 Sold Properties and the 2023 Sold Properties, and the acquisition of the 2024 Acquired Properties and the 2023 Acquired Properties, and lower management fees due to amendments to certain property management agreements during the year ended December 31, 2024.

- *Depreciation and Amortization*. Depreciation and amortization decreased by $4.5 million for the year ended December 31, 2024 compared with the year ended December 31, 2023 primarily due to a net reduction of depreciation and amortization expense of $5.1 million as a result of the combined effect of the sale of the 2024 Sold Properties and the 2023 Sold Properties, and the acquisition of the 2024 Acquired Properties and the 2023 Acquired Properties, partially offset by a $0.6 million increase in same-store depreciation and amortization due to assets placed in service as a result of completed renovations.

- *Corporate General and Administrative*. Corporate general and administrative expenses decreased by $0.6 million for the year ended December 31, 2024 compared with the year ended December 31, 2023 primarily due to a decrease in legal and professional fees of $1.0 million, partially offset by a $0.4 million increase in corporate employee-related costs.

- *Loss on Impairment and Write-down of Assets.* During the year ended December 31, 2024, the Company recorded a loss on impairment related to a lodging property totaling $6.7 million to reduce the carrying amount of the property to its estimated fair value.

  During the year ended December 31, 2023, the Company recorded a Loss on write-down of assets of $16.7 million to reduce the carrying amounts of the three lodging properties that were under contract to sell or being marketed for sale to their expected net selling prices less estimated costs to sell.

- *Recoveries of Credit Losses.* Recoveries of credit losses for the year ended December 31, 2023 related to the payment in full of our seller-financing loan that was fully reserved. See "Part II – Item 8. – *Financial Statements and Supplementary Data – Note 4 – Investment in Real Estate Loans"* to the accompanying Consolidated Financial Statements for further information.

- *Gain (loss) on Disposal of Assets, net.* The gain on disposal of assets, net of $28.9 million for the year ended December 31, 2024 was primarily the result of a $28.3 million gain recorded on the sale of a portfolio of two lodging properties in New Orleans, LA, a $0.4 million gain recorded on the sale of the Four Points by Marriott San Francisco Airport and an aggregate $0.2 million gain recorded on the sale of Hilton Garden Inn - Bryan (College Station), TX and the Hyatt Place - Dallas (Plano), TX.

- *Interest Expense*. Interest expense decreased by $4.2 million primarily due to lower average outstanding debt and a reduction in interest rates for the year ended December 31, 2024 compared with the year ended December 31, 2023.

- *Interest Income.* Interest income increased by $0.2 million during the year ended December 31, 2024 primarily due to higher weighted average invested cash balances related to the proceeds from the sale of properties.

- *Gain on Extinguishment of Debt.* The gain on extinguishment of debt for the year ended December 31, 2024 was the result of the repayment of the MetaBank Loan (as defined in "Part II - Item 8. - *Financial and Supplementary Data - Note 6 - Debt"* to the accompanying Consolidated Financial Statements) in June 2024 prior to its scheduled maturity date, which resulted in a gain on extinguishment of debt of $3.0 million after legal fees and unamortized debt issuance costs that were written-off on the closing date.

- *Other Income, net.* Other income, net for the year ended December 31, 2024 consists primarily of third-party tenant income of $2.2 million, the realization of $2.0 million of tax rebates related to the NCI Transaction (as defined in "Part II - Item 8. - *Financial and Supplementary Data - Note 6 - Debt*" to the accompanying Consolidated Financial Statements) and miscellaneous income of $1.0 million, partially offset by debt transaction costs of $0.6 million and net casualty losses of $0.2 million.

  Other income, net for the year ended December 31, 2023 consists primarily of third-party tenant income of $1.5 million and the realization of $1.8 million of tax rebates related to the NCI Transaction during the period, partially offset by net casualty losses of $2.1 million, and other costs of $0.2 million.

- *Income Tax Benefit (Expense)*. We recorded an $8.7 million income tax benefit during the year ended December 31, 2024, primarily due to the reversal of a significant portion of our valuation allowance totaling $12.1 million, partially offset by current federal and state income tax expenses of $2.6 million, and deferred tax expense of $0.8 million for the year ended December 31, 2024. We reversed the valuation allowance during the year ended December 31, 2024 based on our determination that it is probable that we will realize the tax benefits related to a significant portion of our deferred tax assets. Income tax expense amounted to $2.8 million during the year ended December 31, 2023 and was primarily related to federal and state income taxes on our TRSs.

For information about our key operating metrics and results of operations for the year ended December 31, 2023 compared with the year ended December 31, 2022, refer to "Part II – Item 7. – *Management's Discussion and Analysis of Financial Conditions and Results of Operations - Results of Operations*" of the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

Non-GAAP Financial Measures

We disclose certain "non-GAAP financial measures," which are measures of our historical financial performance. Non-GAAP financial measures are financial measures not prescribed by GAAP. These measures are as follows: (i) Funds From Operations ("FFO") and Adjusted Funds from Operations ("AFFO"), (ii) EBITDA, Earnings before Interest, Taxes, Depreciation and Amortization for Real Estate ("EBITDA*re*") and Adjusted EBITDA*re* (as described below). We caution investors that amounts presented in accordance with our definitions of non-GAAP financial measures may not be comparable to similar measures disclosed by other companies, since not all companies calculate these non-GAAP financial measures in the same manner. Our non-GAAP financial measures should be considered along with, but not as alternatives to, net income (loss) as a measure of our operating performance. Our non-GAAP financial measures may include funds that may not be available for our discretionary use due to functional requirements to conserve funds for capital expenditures, property acquisitions, debt service obligations and other commitments and uncertainties. Although we believe that our non-GAAP financial measures can enhance the understanding of our financial condition and results of operations, these non-GAAP financial measures are not necessarily better indicators of any trend as compared to a comparable measure prescribed by GAAP such as net income (loss).

FFO and AFFO

As defined by Nareit, FFO represents net income or loss (computed in accordance with GAAP), excluding preferred dividends, gains (or losses) from sales of real property, impairment losses on real estate assets, items classified by GAAP as extraordinary, the cumulative effect of changes in accounting principles, plus depreciation and amortization related to real estate assets, and adjustments for unconsolidated partnerships, and joint ventures. AFFO represents FFO excluding amortization of deferred financing costs, franchise fees, equity-based compensation expense, transaction costs, debt transaction costs, premiums on redemption of preferred shares, losses from net casualties, non-cash interest income and non-cash income tax related adjustments to our deferred tax asset. Unless otherwise indicated, we present FFO and AFFO applicable to our common shares and common units. We present FFO and AFFO because we consider FFO and AFFO an important supplemental measure of our operational performance and believe it is frequently used by securities analysts, investors, and other interested parties in the evaluation of REITs, many of which present FFO and AFFO when reporting their results. FFO and AFFO are intended to exclude GAAP historical cost depreciation and amortization, which assumes that the value of real estate assets diminishes ratably over time. Historically, however, real estate values have risen or fallen with market conditions. Because FFO and AFFO exclude depreciation and amortization related to real estate assets, gains and losses from real property dispositions and impairment losses on real estate assets, and certain transaction costs related to lodging property acquisition activities and debt, FFO and AFFO provide performance measures that, when compared year over year, reflect the effect to operations from trends in occupancy, guestroom rates, operating costs, development activities and interest costs, providing perspective not immediately apparent from net income. Our computation of FFO differs slightly from the computation of Nareit-defined FFO related to the reporting of depreciation and amortization expense on assets at our corporate offices, which is de minimus. Our computation of FFO may also differ from the methodology for calculating FFO used by other equity REITs and, accordingly, may not be comparable to such other REITs. FFO and AFFO should not be considered as an alternative to net income (loss) (computed in accordance with GAAP), as an indicator of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to pay dividends or make distributions. Where indicated in this Annual Report on Form 10-K, FFO is based on our computation of FFO and not the computation of Nareit-defined FFO unless otherwise noted.

The following is a reconciliation of our GAAP net income to FFO and AFFO for the years ended December 31, 2024, 2023 and 2022 (in thousands, except per common share/Common Unit amounts):

	2024	2023	2022
Net income (loss)	$ 38,891	$ (28,116)	$ 1,217
Preferred dividends	(15,875)	(15,875)	(15,875)
Distributions to and accretion of redeemable non-controlling interests	(2,626)	(2,626)	(2,520)
Loss (income) related to non-controlling interests in consolidated joint ventures	8,499	14,824	(2,321)
Net income (loss) applicable to common shares and Common Units	28,889	(31,793)	(19,499)
Real estate-related depreciation	142,493	146,187	145,492
Loss on impairment and write-down of assets	6,723	16,661	10,420
(Gain) loss on disposal of assets and other dispositions, net	(28,912)	385	(20,315)
FFO adjustments related to non-controlling interests in consolidated joint ventures	(34,033)	(34,662)	(20,845)
FFO applicable to common shares and Common Units	115,160	96,778	95,253
Recoveries of credit losses	—	(1,230)	(1,100)
Amortization of deferred financing costs	6,582	5,910	5,708
Amortization of franchise fees	671	595	663
Amortization of intangible assets, net	2,786	3,642	3,643
Equity-based compensation (1)	8,132	7,742	8,446
Transaction costs	10	13	749
Debt transaction costs	647	461	1,528
Gain on extinguishment of debt	(3,000)	—	—
Non-cash interest income	(400)	(531)	(113)
Non-cash lease expense, net	464	481	505
Casualty losses, net	177	2,112	2,505
Deferred tax expense	762	84	—
Reversal of valuation allowance on deferred tax assets	(12,061)	—	—
AFFO adjustments related to non-controlling interests in consolidated joint ventures	(1,468)	(3,612)	(3,400)
Special allocation related to sale of joint venture asset(2)	—	—	(417)
Non-cash state taxes and other, net	744	447	—
AFFO applicable to common shares and Common Units	$ 119,206	$ 112,892	$ 113,970
FFO per common share/Common Unit	$ 0.93	$ 0.79	$ 0.79
AFFO per common share/Common Unit (3)	$ 0.96	$ 0.92	$ 0.94
Weighted average diluted common shares/Common Units:			
FFO and AFFO (4)(5)	124,313	122,355	121,163

(1) The total equity-based compensation expense for the year ended December 31, 2022 includes $1.3 million of incremental expense related to the modification of certain restricted stock awards as a result of the departure of our Chief Operating Officer.

(2) During the year ended December 31, 2022, we earned a $0.4 million promote related to the sale by the GIC Joint Venture of the sale of a 169-guestroom Hilton Garden Inn San Francisco Airport North in San Francisco, CA for a gross selling price of $75.0 million. The sale of this property resulted in a net gain of $20.5 million to the GIC Joint Venture. Our promote is earned when the internal rate of return to GIC related to capital transactions exceeds a specified investment hurdle rate. We have adjusted this amount from our calculation of AFFO because it relates to the gain on the sale of the property and not on-going operations.

(3) AFFO for the years ended December 31, 2024, 2023 and 2022 has not been adjusted for interest related to the Convertible Notes for purposes of calculating AFFO per common share/Common Unit because we intend to settle the principal portion of the Convertible Notes in cash and we did not include in the denominator of our calculation of AFFO per common share/Common Unit the potential dilutive effect of shares that would be issued if the principal portion of the Convertible Notes were converted into shares of our common stock.

(4) Includes Common Units in the Operating Partnership held by limited partners (other than us and our subsidiaries) because the Common Units are redeemable for cash or, at our election, shares of our common stock.

(5) The weighted average diluted common shares/common units used to calculate FFO and AFFO per common share/Common Unit for the years ended December 31, 2024, 2023 and 2022 includes the dilutive effect of our outstanding restricted stock awards. These shares were excluded from our weighted average shares outstanding used to calculate net income (loss) per share for the years ended December 31, 2023 and 2022 because they would have been antidilutive. The weighted average common shares/Common Unit used to calculate FFO and AFFO per common share/Common Unit exclude the potential dilution related to our Convertible Notes as we intend to settle the principal of the Convertible Notes in cash.

A reconciliation of weighted average diluted common shares to non-GAAP weighted average diluted common shares/ Common Units for FFO and AFFO is as follows (in thousands):

	2024	2023	2022
Weighted average common shares outstanding - diluted	132,365	105,548	105,142
Non-GAAP adjustment for restricted stock awards [1]	1,780	837	661
Non-GAAP adjustment for dilutive effects of Common Units	15,946	15,970	15,360
Non-GAAP adjustment for dilutive effect of shares of common stock issuable upon conversion of convertible debt	(25,778)	—	—
Non-GAAP weighted diluted share of common stock and Common Units	124,313	122,355	121,163

(1) Adjustment reflects the difference between the total weighted-average unvested restricted time-based shares outstanding as of the reporting date and the weighted-average restricted time-based shares computed for diluted earnings per share under the treasury stock method in accordance with GAAP, plus the difference between the estimated total weighted average unvested restricted performance-based shares expected to vest based on achievement of the performance measures as if the vesting date were the reporting date and the estimated weighted-average unvested restricted performance-based shares computed for diluted earnings per share under the treasury stock method in accordance with GAAP.

AFFO applicable to common stock and Common Units increased by $6.3 million for the year ended December 31, 2024 compared with the year ended December 31, 2023 due to modest growth in same-store RevPAR and hotel EBITDA and lower interest expense, partially offset by a decrease in hotel EBITDA from the net effect of the acquisition of the 2024 Acquired Properties and the 2023 Acquired Properties, and the sale of the 2024 Sold Properties and the 2023 Sold Properties.

For information about our AFFO for the year ended December 31, 2023 compared with the year ended December 31, 2022, refer to "Part II – Item 7. – *Management's Discussion and Analysis of Financial Condition and Results of Operations - Non-GAAP Financial Measures*" of the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

EBITDA, EBITDAre and Adjusted EBITDAre

EBITDA

EBITDA represents net income or loss, excluding: (i) interest, (ii) income tax expense and (iii) depreciation and amortization. We believe EBITDA is useful to an investor in evaluating our operating performance because it provides investors with an indication of our ability to incur and service debt, to satisfy general operating expenses, to make capital expenditures and to fund other cash needs or reinvest cash into our business. We also believe it helps investors meaningfully evaluate and compare the results of our operations from period to period by removing the effect of our asset base (primarily depreciation and amortization) from our operating results. Our management team also uses EBITDA as one measure in determining the value of acquisitions and dispositions.

EBITDAre and Adjusted EBITDAre

In September 2017, Nareit proposed a standardized performance measure, called EBITDA*re*, which is based on EBITDA and is expected to provide additional relevant information about REITs as real estate companies in support of growing interest among generalist investors. The conclusion was reached that, while dedicated REIT investors have long been accustomed to utilizing the industry's supplemental measures such as FFO and net operating income to evaluate the investment quality of REITs as real estate companies, it would be helpful to generalist investors for REITs as real estate companies to also present EBITDA*re* as a more widely known and understood supplemental measure of performance. EBITDA*re* is intended to be a supplemental non-GAAP performance measure that is independent of a company's capital structure and will provide a uniform basis for one measurement of the enterprise value of a company compared to other REITs.

EBITDA*re*, as defined by Nareit, is calculated as EBITDA, excluding: (i) loss and gains on disposition of property and (ii) asset impairments, if any. We believe EBITDA*re* is useful to an investor in evaluating our operating performance because it provides investors with an indication of our ability to incur and service debt, to satisfy general operating expenses, to make capital expenditures and to fund other cash needs or reinvest cash into our business. We also believe it helps investors meaningfully evaluate and compare the results of our operations from period to period by removing the effect of our asset base (primarily depreciation and amortization) from our operating results.

We make additional adjustments to EBITDA*re* when evaluating our performance because we believe that the exclusion of certain additional non-recurring or unusual items described below provides useful supplemental information to investors regarding our ongoing operating performance. We believe that the presentation of Adjusted EBITDA*re*, when combined with the primary GAAP presentation of net income, is useful to an investor in evaluating our operating performance because it provides investors with an indication of our ability to incur and service debt, to satisfy general operating expenses, to make capital expenditures and to fund other cash needs or reinvest cash into our business. We also believe it helps investors meaningfully evaluate and compare the results of our operations from period to period by removing the effect of our asset base (primarily depreciation and amortization) from our operating results.

The following is a reconciliation of our GAAP net income to EBITDA*re* for the years ended December 31, 2024, 2023 and 2022 (in thousands):

	2024	2023	2022
Net income (loss)	$ 38,891	$ (28,116)	$ 1,217
Depreciation and amortization	146,436	150,924	150,160
Interest expense	82,632	86,798	65,581
Interest income on cash deposits	(829)	(568)	(65)
Income tax (benefit) expense	(8,743)	2,798	3,611
EBITDA	258,387	211,836	220,504
Loss on impairment and write-down of assets	6,723	16,661	10,420
(Gain) loss on disposal of assets and other dispositions, net	(28,912)	385	(20,315)
EBITDA*re*	236,198	228,882	210,609
Recoveries of credit losses	—	(1,230)	(1,100)
Amortization of key money liabilities	(486)	(498)	(363)
Equity-based compensation(1)	8,132	7,742	8,446
Transaction costs	10	13	749
Debt transaction costs	647	461	1,528
Gain on extinguishment of debt	(3,000)	—	—
Non-cash interest income	(400)	(531)	(113)
Non-cash lease expense, net	464	481	505
Casualty losses, net	177	2,112	2,505
Loss (income) related to non-controlling interests in consolidated joint ventures	8,499	14,824	(2,321)
Adjustments related to non-controlling interests in consolidated joint ventures	(58,793)	(62,681)	(39,213)
Special allocation related to sale of joint venture asset(2)	—	—	(417)
Non-cash state taxes and other, net	744	447	—
Adjusted EBITDA*re*	$ 192,192	$ 190,022	$ 180,815

(1) The total equity-based compensation expense for the year ended December 31, 2022 includes $1.3 million of incremental expense related to the modification of certain restricted stock awards as a result of the departure of our Chief Operating Officer.

(2) During the year ended December 31, 2022, we earned a $0.4 million promote related to the sale by the GIC Joint Venture of the sale of a 169-guestroom Hilton Garden Inn San Francisco Airport North in San Francisco, CA for a gross selling price of $75.0 million. The sale of this property resulted in a net gain of $20.5 million to the GIC Joint Venture. Our promote is earned when the internal rate of return to GIC related to capital transactions exceeds a specified investment hurdle rate. We have adjusted this amount from our calculation of AFFO because it relates to the gain on the sale of the property and not on-going operations.

Adjusted EBITDA*re* increased $2.2 million for the year ended December 31, 2024 in comparison with the year ended December 31, 2023 due to modest growth in same-store RevPAR and Hotel EBITDA driven by improving demand for business transient and group travel, which mitigated some of the effect of the normalization in leisure demand, partially offset by a decrease in hotel EBITDA from the net effect of the acquisition of the 2024 Acquired Properties and the 2023 Acquired Properties, and the sale of the 2024 Sold Properties and the 2023 Sold Properties.

For information about our Adjusted EBITDA*re* for the year ended December 31, 2023 compared with the year ended December 31, 2022, refer to "Part II – Item 7. – *Management's Discussion and Analysis of Financial Condition and Results of Operations - Non-GAAP Financial Measures*" of the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

Liquidity and Capital Resources

Our short-term cash obligations consist primarily of operating expenses and other expenditures directly associated with our lodging properties, recurring maintenance and capital expenditures necessary to maintain our lodging properties in accordance with internal and brand standards, capital expenditures to improve our lodging properties, interest payments, settlement of any applicable interest rate swaps, scheduled principal payments on outstanding indebtedness, restricted cash funding obligations, our joint venture acquisitions and capital requirements, contractual lease payments, corporate overhead, and distributions to our stockholders and holders of Common and Preferred Units in our Operating Partnership when declared. Our corporate overhead primarily consists of employee compensation expenses, professional fees, corporate insurance and rent expenses. Cash requirements for our corporate overhead expenses (excluding non-cash stock-based compensation), which are generally paid from operating cash flows, were $23.8 million, $24.8 million and $22.3 million for the years ended December 31, 2024, 2023 and 2022, respectively. We generally expect our corporate overhead expenses to remain consistent with the level of our operating activities and market conditions for goods and services.

Our long-term cash obligations consist primarily of the costs of acquiring additional lodging properties, renovations and other non-recurring capital expenditures that periodically are made with respect to our lodging properties, dividends and distributions to our stockholders and holders of Common and Preferred Units in our Operating Partnership when declared, and scheduled debt payments, including maturing loans.

Our property acquisition and disposition activity for the years ended December 31, 2024 and 2023 was as follows:

- In May 2023, the Company completed the disposition of four wholly owned hotels containing an aggregate of 467 guestrooms for a gross sales price of $28.1 million.

- In June 2023, the GIC Joint Venture acquired the Residence Inn by Marriott located in Scottsdale, AZ containing 120 guestrooms for a purchase price of approximately $29.0 million. GIC made a capital contribution of $13.7 million, or 49% of the purchase price, to the GIC Joint Venture, and the Operating Partnership made a capital contribution of $14.3 million, or 51% of the purchase price, to the GIC Joint Venture to fund the purchase price. The Operating Partnership made its capital contribution to the GIC Joint Venture with available cash on hand and borrowings on the $400 Million Revolver.

- In June 2023, the GIC Joint Venture acquired the Nordic Lodge containing 47 guestrooms located in Steamboat Springs, CO for a purchase price of approximately $13.7 million. GIC made a capital contribution of $6.7 million, or 49% of the purchase price, to the GIC Joint Venture and the Operating Partnership made a capital contribution of $7.0 million, or 51% of the purchase price, to the GIC Joint Venture to fund the purchase price. The Operating Partnership made its capital contribution to the GIC Joint Venture with available cash on hand and borrowings on the $400 Million Revolver.

- In December 2023, we completed the sale of the 123-guestroom Hyatt Place in Owings Mills (Baltimore), MD for a gross selling price of $8.3 million. The net selling price less costs to sell approximated the net book value of the lodging property on the sale date resulting in a nominal gain that was recorded in the fourth quarter of 2023.

- In February 2024, the GIC Joint Venture completed the sale of the 127-guestroom Hyatt Place Dallas (Plano), TX for $10.3 million. At December 31, 2023, we reclassified the property in Assets held for sale and recorded a write-down of $4.0 million to reduce the carrying amount of the lodging property to the selling price less estimated costs to sell. As such, the net selling proceeds approximated the net carrying amount of the Sale Portfolio at closing.

- In April 2024, we completed the sale of the 202-guestroom Courtyard by Marriott and the 208-guestroom SpringHill Suites by Marriott, both located in New Orleans, LA, for an aggregate selling price of $73.0 million, which resulted in a gain of approximately $28.3 million.

- In April 2024, the GIC Joint Venture completed the sale of the 119-guestroom Hilton Garden Inn - Bryan (College Station), TX for $11.0 million. The net selling price of the lodging property approximated its net book value on the closing date.

- In October 2024, we completed the sale of the 101-guestroom Four Points by Marriott San Francisco Airport for $17.7 million, which resulted in a gain of approximately $0.4 million.

- In December 2024, the GIC Joint Venture acquired the Hampton Inn located in Revere (Boston), MA and the Hilton Garden Inn located in Tysons Corner (Vienna), VA with an aggregate total of 399 guestrooms for a combined purchase price of $96.0 million. The purchase price (including approximately $0.3 million of acquisition costs) was funded through a combination of a $2.9 million escrow deposit, capital contributions from our GIC Joint Venture partner totaling $21.5 million, $49.5 million of borrowings on our expanded GIC Joint Venture Credit Facility and our capital contribution of $22.4 million using the proceeds from the sale of the Four Points by Marriott San Francisco Airport and cash on hand.

In July 2023, we entered into the 2023 Senior Credit Facility to refinance our prior senior credit facility, including certain key financial covenants, and renewal of our full access to our $400 Million Revolver. The 2023 Senior Credit Facility has an initial maturity of June 2027, which may be extended for a single 12-month period at our option, subject to certain conditions. See “Part II - Item 8. – *Financial Statements and Supplementary Data – Note 6 – Debt*,” for additional information concerning our prior senior credit facility and subsequent amendments thereto.

In September 2023, the GIC Joint Venture refinanced the GIC Joint Venture Credit Facility (the "GIC Joint Venture Credit Refinance"). The GIC Joint Venture Credit Refinance extends the maturity of the $125 Million Revolver and the $125 Million Term Loan (both as defined in “Part II - Item 8. – *Financial Statements and Supplementary Data – Note 6 – Debt*,”) to an initial maturity date of September 2027, which may be extended for a single 12-month period at the option of the GIC Joint Venture, subject to certain conditions. As such, the GIC Joint Venture Credit Refinance has a fully extended maturity date of September 2028.

In February 2024, our Operating Partnership, as borrower, the Company, as parent guarantor, and each party executing the term loan document as a subsidiary guarantor, entered into a $200 million senior unsecured term loan financing (the “2024 Term Loan”) with Regions Bank. Proceeds from the 2024 Term Loan financing and advances on our $400 Million Revolver were used to repay in full the Company’s $225 million term loan that was scheduled to mature in February 2025. The 2024 Term Loan has an initial maturity date of February 2027 and can be extended for two 12-month periods by the Company, subject to certain conditions. At December 31, 2024, the 2024 Term Loan was fully funded.

In May 2024, we repaid the outstanding principal of the Bank of the Cascades loan that was scheduled to mature in December 2024 with no prepayment penalty. This repayment resulted in the release of the lodging property that was pledged as collateral for this mortgage loan.

In 2017, the Operating Partnership entered into a $47.6 million secured, non-recourse loan with MetaBank (the "MetaBank Loan"). In June 2024, the outstanding balance of the loan was $42.3 million at which time we repaid the MetaBank Loan for $39.1 million prior to its scheduled maturity date, which represented a discount of $3.2 million and resulted in a gain on extinguishment of debt of $3.0 million after legal fees and unamortized debt issuance costs that were written-off on the closing date. As a result of this repayment, the three lodging properties previously held as collateral for the MetaBank Loan were released.

In June 2022, the Brickell Joint Venture, as borrower, and the Operating Partnership, as the non-recourse guarantor, entered into a $47.0 million mortgage loan and non-recourse guaranty with City National Bank of Florida to finance the dual-branded 264-guestroom AC Hotel by Marriott and Element Miami Brickell Hotel in Miami, FL (together the "AC/Element Hotel"). The outstanding balance of the City National Bank Loan was $46.1 million at December 31, 2024. The City National Bank Loan is prepayable at any time without penalty. We expect to complete the refinancing of this loan prior to its maturity date.

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 gains. We intend to distribute a sufficient amount of our taxable income to maintain our status as a REIT and to avoid tax on undistributed income. Because we anticipate distributing a substantial amount of our available cash from operations, if sufficient funds are not available to us from lodging property dispositions, our senior revolving credit and term loan facilities and other loans, we may need to raise additional capital to grow our business.

Outstanding Indebtedness

At December 31, 2024, we had $10.0 million outstanding on our $400 Million Revolver, $200.0 million outstanding on our $200 Million Term Loan and $200.0 million outstanding on our 2024 Term Loan (as defined under "Part II - Item 8. - *Financial Statements and Supplementary Data* - *Note 6 – Debt*"). Each of the credit facilities is currently supported by the 53 lodging properties included in the credit facility borrowing base. We also had $287.5 million of Convertible Notes outstanding. The Convertible Notes become due in February 2026. We expect to complete the refinancing of the Convertible Notes prior to their maturity date.

At December 31, 2024, the GIC Joint Venture had $250.0 million outstanding under our GIC Joint Venture Credit Facility consisting of borrowings on a $125.0 million term loan (after giving effect to an additional $50.0 million of borrowings under the accordion feature of the loan, which was used in the purchase of two lodging properties in December 2024) and a $125.0 million revolving line of credit. The GIC Joint Venture Credit Facility is secured primarily by a first priority pledge of the equity interests in the subsidiaries that hold the 15 lodging property borrowing base assets, and the related TRS entities that wholly own the TRS Lessees.

To complete the NCI Transaction, the GIC Joint Venture entered into the GIC Joint Venture Term Loan, which is currently secured by the remaining 25 lodging properties and two parking garages acquired in the transaction and assumed a PACE loan totaling $6.5 million. The GIC Joint Venture Term Loan has an accordion feature which will permit an increase in the total commitments by up to $190.0 million, for aggregate potential borrowings of up to $600.0 million. The GIC Joint Venture Term Loan will mature in January 2026 and can be extended for a single 12-month period at the Company's option, subject to certain conditions. As such, the GIC Joint Venture Term Loan has a fully extended maturity date of January 2027. The GIC Joint Venture Term Loan is interest-only and provides for a floating interest rate equal to SOFR plus 2.75%. In February 2023, we entered into an amendment to the GIC Joint Venture Term Loan to amend certain definitions, revise the minimum borrowing base interest coverage ratio thresholds and make certain other changes. The outstanding balances of the GIC Joint Venture Term loan and the PACE loan were $396.0 million and $5.9 million, respectively, at December 31, 2024.

Additionally, the GIC Joint Venture has a mortgage loan outstanding totaling $12.5 million at December 31, 2024 related to the acquisition of the Embassy Suites in Tucson, AZ in December 2021.

In June 2022, the Brickell Joint Venture, as borrower, and the Operating Partnership, as the non-recourse guarantor, entered into a $47.0 million mortgage loan and non-recourse guaranty with City National Bank of Florida to finance the AC/ Element Hotel. The City National Bank Loan provides for an interest rate equal to one-month term SOFR plus 300 basis points. Payment terms include an interest-only period through June 30, 2024 and the loan will amortize on a 25-year schedule from July 1, 2024 through the maturity date of June, 2025. The outstanding balance of the City National Bank Loan was $46.1 million at December 31, 2024. The City National Bank Loan is prepayable at any time without penalty. We expect to complete the refinancing of this loan prior to its maturity date.

At December 31, 2024, we have scheduled debt principal payments during the next 12 months totaling $46.6 million, primarily as a result of the maturity of the loan with City National Bank of Florida in June 2025.

Currently, we have the capacity to pay scheduled principal payments using cash on hand or draws under our $400 Million Revolver. We have obtained financing through debt instruments having staggered maturities and intend to continue to do so in the future. Our debt includes, and may include in the future, debt secured by first priority mortgage liens on certain lodging properties, debt secured by equity pledges, and unsecured debt. We believe that we will have adequate liquidity to meet the requirements for scheduled maturities and principal repayments. However, we can provide no assurance 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.

At December 31, 2024, we and our GIC Joint Venture are in compliance with all of our loan agreements. See "Part II – Item 8. – *Financial Statements and Supplementary Data – Note 6 – Debt*" for additional information concerning our loans, loan amendments and our financing arrangements.

A summary of our debt at December 31, 2024 is as follows (dollars in thousands):

	Interest Rate	Amortization Period (Years)	Initial Maturity Date	Fully Extended Maturity Date	Number of Properties Encumbered	Principal Amount Outstanding December 31, 2024	Principal Amount Outstanding December 31, 2023
2023 Senior Credit Facility							
Bank of America, NA							
$400 Million Revolver[1]	6.33% Variable	n/a	6/21/2027	6/21/2028	n/a	$ 10,000	$ —
$200 Million Term Loan[1]	6.16% Variable	n/a	6/21/2026	6/21/2028	n/a	200,000	200,000
Total Senior Credit and Term Loan Facility						210,000	200,000
Term Loans							
KeyBank National Association Term Loan							
KeyBank National Association Term Loan[1] [7]	n/a	n/a	2/14/2025	2/14/2025	n/a	—	225,000
Regions Bank 2024 Term Loan Facility [1]	6.37% Variable	n/a	2/26/2027	2/26/2029	n/a	200,000	—
Convertible Notes	1.50% Fixed	n/a	2/15/2026	2/15/2026	n/a	287,500	287,500
Secured Mortgage Indebtedness							
MetaBank[4]	n/a	25	7/1/2027	7/1/2027	—	—	42,611
Bank of the Cascades (First Interstate Bank)[4]	n/a	25	12/19/2024	12/19/2024	—	—	7,425
Bank of the Cascades (First Interstate Bank)[4]	n/a	25	12/19/2024	12/19/2024		—	7,425
Total Mortgage Loans					—	—	57,461
					—	697,500	769,961
Brickell Joint Venture Mortgage Loan							
City National Bank of Florida[4]	7.45% Variable	25	6/9/2025	6/9/2025	2	46,060	47,000
GIC Joint Venture Credit Facility and Term Loans							
Bank of America, N.A.							
$125 Million Revolver[2]	6.61% Variable	n/a	9/15/2027	9/15/2028	n/a	125,000	125,000
$125 Million Term Loan[2]	6.56% Variable	n/a	9/15/2027	9/15/2028	n/a	125,000	75,000
Bank of America, N.A.[3]	7.22% Variable	n/a	1/13/2026	1/13/2027	n/a	396,037	410,000
Wells Fargo	4.99% Fixed	30	6/6/2028	6/6/2028	1	12,526	12,785
PACE loan[4]	6.10% Fixed	20	7/31/2040	7/31/2040	n/a	5,884	6,093
Total GIC Joint Venture Credit Facility and Term Loans					1	664,447	628,878
Total Joint Venture Debt					3	710,507	675,878
Total Debt					3	$ 1,408,007	$ 1,445,839
Pro rata debt outstanding[5]						$ 1,077,822	$ 1,132,989

(1) The 2023 Senior Credit Facility and Term Loans are supported by a borrowing base of 53 unencumbered hotel properties.
(2) The $125 Million Revolver and the $125 Million Term Loan are secured by pledges of the equity in the entities (and affiliated entities) that own 15 lodging properties.
(3) The $410 million term loan with Bank of America, N.A. is secured by pledges of the equity in the entities (and affiliated entities) that own 25 lodging properties and two parking garages. The balance of the loan is $396.0 million at December 31, 2024.
(4) As part of the NCI Transaction, a subsidiary of the GIC Joint Venture assumed a PACE loan of approximately $6.5 million. The loan bears fixed interest at 6.10%, has an amortization period of 20 years, and matures on July 31, 2040. The PACE loan is secured by an assessment lien imposed by the County of Tarrant, Texas for the benefit of the lender.
(5) Pro rata debt represents our portion of total debt taking into consideration only our pro rata share of the joint venture debt.

Capital Expenditures

During the year ended December 31, 2024, we funded $89.3 million of capital expenditures and $5.2 million of development expenditures on a consolidated basis. When taking into consideration only our pro rata portion related to our joint ventures, capital and development expenditures for the year ended December 31, 2024 were $75.6 million and $4.6 million, respectively.

We anticipate spending an estimated $65.0 million to $85.0 million in capital expenditures across our portfolio (excluding the pro rata portion related to our joint venture partners) during the year ended December 31, 2025. We expect to fund these expenditures through a combination of cash on hand, working capital, cash flows from operations, restricted cash, borrowings under our $400 Million Revolver, or other potential sources of capital, to the extent available to us.

Cash Flow Analysis

The following table summarizes changes in cash flows for the years ended December 31, 2024 and December 31, 2023 (in thousands):

	For the Years Ended December 31, 2024	For the Years Ended December 31, 2023	Change
Net cash provided by operating activities	$ 166,323	$ 153,641	$ 12,682
Net cash used in investing activities	(71,499)	(101,958)	30,459
Net cash used in financing activities	(94,234)	(65,723)	(28,511)
Net change in cash, cash equivalents and restricted cash	$ 590	$ (14,040)	$ 14,630

Changes from the year ended December 31, 2024 compared with the year ended December 31, 2023 were due to the following:

- ***Net cash provided by operating activities.*** Cash provided by operating activities for the year ended December 31, 2024 was the result of net income of $164.3 million, after adjusting for non-cash items such as depreciation and amortization, equity-based compensation, reversal of our valuation allowance on deferred tax assets, gain on the disposition of assets, and gain on extinguishment of debt, coupled with a net change in working capital of $2.1 million.

  Cash provided by operating activities for the year ended December 31, 2023 was the result of net income of $153.0 million, after adjusting for non-cash items such as depreciation and amortization, loss on write-down of assets, recovery of credit losses, and equity-based compensation, coupled with a net change in working capital of $0.7 million.

- ***Net cash used in investing activities.*** Cash used in investing activities for the year ended December 31, 2024 was primarily due to the acquisition of the 2024 Acquired Properties and $89.3 million of renovation expenditures and $5.2 million of development expenditures, partially offset by the sale of the 2024 Sold Properties, and the collection of a $9.9 million tax incentive related to the NCI Transaction.

  Cash used in investing activities for the year ended December 31, 2023 was due to the acquisition of the 2023 Acquired Properties, the funding of the Onera Mezzanine Loan (as defined in "Part II - Item 8. - *Note 4 - Investment in Real Estate Loans"* to the accompanying Consolidated Financial Statements) of $4.6 million, and $89.6 million of renovation expenditures, partially offset by the sale of the 2023 Sold Properties.

- ***Net cash used in financing activities.*** Cash used in financing activities for the year ended December 31, 2024 was primarily due to the repayment of the MetaBank and Bank of the Cascades term loans with an aggregate total of $94.7 million, the payment of dividends and distributions of approximately $77.6 million, financing costs of approximately $3.5 million related to the 2024 Term Loan and our GIC Joint Venture Credit Facility, and $0.9 million related to shares acquired for employee withholding requirements, partially offset by net borrowings on our $400 Million Revolver of $10.0 million, contributions by our GIC Joint Venture partner of $22.5 million and borrowings on our GIC Joint Venture term loan of $50.0 million for the acquisition of the 2024 Acquired Properties.

  Cash used in financing activities during the year ended December 31, 2023 was primarily the result of net repayments on our outstanding debt of $17.3 million, financing fees of approximately $10.4 million primarily related to the amendment of our prior senior credit facility that was in effect during the year ended December 31, 2023 that was replaced by the 2024 Senior Credit Facility, dividends and distributions of approximately $58.2 million, and $1.4 million related to shares acquired for employee withholding requirements, partially offset by contributions by our GIC Joint Venture partner of $20.6 million, and net proceeds from the sale of non-controlling interests of $1.0 million.

For information about our consolidated cash flows for the year ended December 31, 2023 compared with the year ended December 31, 2022, refer to "Part II – Item 7. – *Management's Discussion and Analysis of Financial Conditions and Results of Operations – Cash Flow Analysis*" of the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

Critical Accounting Policies and Estimates

We consider the following policies critical because they require estimates about matters that are inherently uncertain, involve various assumptions and require significant management judgment, and because they are important for understanding and evaluating our reported consolidated financial results. These judgments affect the reported amounts of assets and liabilities and our disclosure of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. Applying different estimates or assumptions may result in materially different amounts reported in our financial statements.

Acquisitions of Lodging Property and Purchase Price Allocation

Our acquisitions generally consist of land, land improvements, buildings, building improvements, furniture, fixtures and equipment, inventory, and assumed debt. We analyze the acquisition of a lodging property to determine if it qualifies as the purchase of a business or an asset acquisition. If substantially all of the fair value of the gross assets acquired are concentrated in a single identifiable asset or group of similar identifiable assets, the asset or asset group is not considered a business and we would record the transaction as an asset acquisition, which includes the capitalization of acquisition costs. For an asset acquisition, we allocate the purchase price paid to the assets acquired and the liabilities assumed in the transaction based on their relative fair values. For a business combination, we would record the assets and liabilities acquired at their respective estimated fair values.

When we acquire a lodging property, we estimate the fair values of the assets acquired and the liabilities assumed using all available information to make these fair value determinations, including discounted cash flow analyses and market comparable data. In addition, we make significant estimates regarding replacement costs for the buildings and furniture, fixtures and equipment, including estimated useful lives and judgements related to certain market assumptions. We also may engage independent valuation specialists to assist in the fair value determinations of the assets acquired and the liabilities assumed. Fair value determinations required numerous estimates and assumptions, such as estimates of future income growth, replacement cost per unit, value per acre or buildable square foot, capitalization rates, discount rates, borrowing rates, market rental rates, capital expenditures and cash flow projections at the respective lodging properties. The determination of fair value is subjective and is based on assumptions and estimates that could differ materially from actual results in future periods.

The Company allocates the purchase price of acquired lodging properties based on the relative fair values of the acquired land, land improvements, building, furniture, fixtures and equipment, identifiable intangible assets or liabilities, other assets and assumed liabilities. Intangible assets may include certain value associated with the on-going operations of the lodging business being acquired as part of the property acquisition. Acquired intangible assets that derive their values from real property, or an interest in real property, are inseparable from that real property or interest in real property, do not produce or contribute to the production of income other than consideration for the use or occupancy of space, and are recorded as a component of the related real estate asset in our Consolidated Financial Statements.

Investments in Lodging Property, net

Our lodging properties and related assets are recorded at cost, less accumulated depreciation. We capitalize development costs and the costs of significant additions and improvements that materially upgrade, increase the value or extend the useful life of the property. These costs may include development, refurbishment, renovation, and remodeling expenditures, as well as certain indirect internal costs related to construction projects. If an asset requires a period of time in which to carry out the activities necessary to bring it to the condition necessary for its intended use, the interest cost incurred during that period as a result of expenditures for the asset is capitalized as part of the cost of the asset. We expense the cost of repairs and maintenance as incurred.

We generally depreciate our lodging properties and related assets using the straight-line method over their estimated useful lives as follows:

Classification	Estimated Useful Lives
Buildings and improvements	6 to 40 years
Furniture, fixtures and equipment	2 to 15 years

We periodically re-evaluate asset lives based on current assessments of remaining utilization, which may result in changes in estimated useful lives. Such changes are accounted for prospectively and will increase or decrease future depreciation expense.

When depreciable property and equipment is retired or disposed, the related costs and accumulated depreciation are removed from the balance sheet and any gain or loss is reflected in current operations.

On a limited basis, we provide financing to developers of lodging properties for development projects. We evaluate these arrangements to determine if we participate in residual profits of the lodging property through the loan provisions or other agreements. Where we conclude that these arrangements are more appropriately treated as an investment in the real property, we reflect the loan in Investments in lodging property, net in our Consolidated Balance Sheets.

Asset Impairment

Each quarter, we evaluate the net carrying amounts of our long-term assets for impairment when impairment indicators are present. We evaluate for impairment triggers based on qualitative factors such as macroeconomic trends, trends related to demand for travel and lodging, and current and projected trends related to local market conditions. We also evaluate for impairment triggers based on quantitative factors such as historical and projected revenue and profitability performance trends. When an impairment indicator is identified, we perform a recoverability analysis based on estimated future undiscounted cash flows for the asset. Forecasted undiscounted cash flows require substantial management judgment related to estimates of future revenues, which is based on historical results, our expectations related to revenue trends and future performance of the asset, our assessment of current and future market conditions and competition, our expectations related to performance of the overall economy, and third-party industry published forecasts. If we determine that an asset impairment exists, we will estimate the fair value of the asset and record a loss on impairment to record the asset at the lower of cost or fair value.

Segment Disclosure

Accounting Standards Codification ("ASC") No. 280, *Segment Reporting*, establishes standards for reporting financial and descriptive information about an enterprise's reportable segments. We have determined that we have one reportable segment for activities related to investing in lodging properties. An operating segment is defined as the component of an enterprise for which separate financial information is evaluated regularly by the chief operating decision maker (the "CODM") in order to allocate resources and assess performance. Our investments in lodging properties are geographically diversified and the CODM allocates resources and assesses performance based upon discrete financial information at the individual lodging property level. However, because each of our lodging properties have similar economic characteristics, facilities, and services, the lodging properties have been aggregated into a single reportable segment.

See "Part II – Item 8. – *Financial Statements and Supplementary Data – Note 2 – Basis of Presentation and Significant Accounting Policies*" for significant accounting policies and new accounting standards.

Recent Developments

None.

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 exposed is interest rate risk. Our primary interest rate exposure is to SOFR. We primarily use derivative financial instruments to manage interest rate risk.

At December 31, 2024, we were party to six interest rate derivative agreements pursuant to which we receive variable-rate payments in exchange for making fixed-rate payments (dollars in thousands):

Contract Date	Effective Date	Expiration Date	Average Annual Effective Fixed Rate	Notional Amount December 31, 2024
Operating Partnership				
June 11, 2018	December 31, 2018	December 31, 2025	2.92 %	$ 125,000
July 26, 2022	January 31, 2023	January 31, 2027	2.60 %	100,000
July 26, 2022	January 31, 2023	January 31, 2029	2.56 %	100,000
Total Operating Partnership				325,000
GIC Joint Venture				
March 24, 2023	July 1, 2023	January 13, 2026	3.35 %	100,000
March 24, 2023	July 1, 2023	January 13, 2026	3.35 %	100,000
January 19, 2024	October 1, 2024	January 13, 2026	3.77 %	100,000
Total GIC Joint Venture				300,000
Total			3.09 % (1)	$ 625,000

(1) Represents the weighted-average effective interest rate of our current interest rate swaps at December 31, 2024.

At December 31, 2024, after taking into consideration our interest rate derivative agreements in effect as of that date, $930.9 million, or 66%, of our debt had fixed interest rates and $477.1 million, or 34%, had variable interest rates. At December 31, 2024, debt related to our wholly owned properties coupled with our pro rata share of joint venture debt results in a fixed-rate debt ratio of approximately 72% of our total pro rata indebtedness when including the effect of interest rate swaps effective as of that date.

At December 31, 2023, after giving effect to our interest rate derivative agreements, $956.4 million, or 66%, of our debt had fixed interest rates and $489.4 million, or 34%, had variable interest rates. At December 31, 2023, debt related to our wholly owned properties coupled with our pro rata share of joint venture debt results in a fixed-rate debt ratio of approximately 75% of our total pro rata indebtedness when including the effect of interest rate swaps effective as of that date.

As our fixed-rate debts mature, they will become subject to interest rate risk. We currently have scheduled payments of principal on debt during the year ending December 31, 2025 totaling approximately $46.6 million primarily related to the loan with City National Bank of Florida which matures in June 2025.

We have one interest rate swap with a notional amount of $125.0 million that expires in December 2025 and three interest rate swaps with a combined notional amount of $300.0 million that expire in January 2026. If we are unable to replace these interest rates swaps as they expire at similar terms, our interest expense may increase in the future.

Item 8. Financial Statements and Supplementary Data.

The consolidated financial statements and supplementary data required by this item are included on pages F-1 through F-49 of this Annual Report on Form 10-K and are incorporated by reference herein.

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

None.

Item 9A. Controls and Procedures.

Disclosure Controls and Procedures

Our management evaluated, with the participation of our Chief Executive Officer and our Chief Financial Officer, the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of December 31, 2024. Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that, as of December 31, 2024, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the reports we file or submit 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 our management to allow timely decisions regarding required disclosure.

Management's Report on the Effectiveness of Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of our Chief Executive Officer and our Chief Financial Officer, and effected by our Board, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP and includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with GAAP and that our receipts and our expenditures are being made only in accordance with authorizations of our management and our Board; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our 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 connection with the preparation of this Annual Report on Form 10-K, our management, under the supervision of our Chief Executive Officer and our Chief Financial Officer, conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control—Integrated Framework (2013) established by the Committee of Sponsoring Organizations of the Treadway Commission. Based on such evaluation, our management concluded that we had effective internal control over financial reporting as of December 31, 2024.

Ernst & Young LLP, our independent registered public accounting firm, has issued an auditor's attestation report on our management's assessment of the effectiveness of our internal control over financial reporting as of December 31, 2024. This report is included in "Part II – Item 8. – *Financial Statements and Supplementary Data"* of this Annual Report on Form 10-K.

Changes in Internal Control Over Financial Reporting

There were no material changes in our internal control over financial reporting during the year ended December 31, 2024.

Item 9B. Other Information.

During the year ended December 31, 2024, there were no adoptions, modifications, or terminations by directors or officers of Rule 10b5-1 trading arrangements or non-Rule 10b5-1 trading arrangements, each as defined in Item 408 of Regulation S-K.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The Company has an insider trading policy governing the purchase, sale and other dispositions of the Company's securities that applies to all Company personnel, including directors, officers, employees, and other covered persons. The Company also follows procedures for the repurchase of its securities. The Company believes that its insider trading policy and repurchase procedures are reasonably designed to promote compliance with insider trading laws, rules and regulations, and listing standards applicable to the Company. A copy of the Company's insider trading policy is filed as Exhibit 19.1 to this Form 10-K.

The information required by this item is incorporated by reference to our Definitive Proxy Statement on Schedule 14A (the "2025 Proxy Statement") for the 2025 Annual Meeting of Stockholders.

Item 11. Executive Compensation.

The information required by this item is incorporated by reference to our 2025 Proxy Statement.

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

Securities Authorized for Issuance Under Equity Compensation Plans

The following table provides information as of December 31, 2024 with respect to our securities that may be issued under existing equity compensation plans:

Plan Category	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans
Equity Compensation Plans Approved by Summit Hotel Properties, Inc. Stockholders [(1)]	4,168,365
Total	4,168,365

(1) As described in the Summit Hotel Properties, Inc. 2024 Equity Incentive Plan (See "Part II – Item 8. – *Financial Statements and Supplementary Data – Note 13 - Equity-based Compensation*").

The following table represents common shares retained by the Company for employee taxes due upon vesting of equity awards during the year ended December 31, 2024:

Period	Total Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
March 1, 2024 - March 31, 2024	126,846	$ 6.56	—	—
May 1, 2024 - May 31, 2024	15,842	$ 6.01	—	—
June 1, 2024 - June 30, 2024	1,966	$ 5.99	—	—
Total	144,654		—	

The other information required by this item is incorporated by reference to our 2025 Proxy Statement.

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

The information required by this item is incorporated by reference to our 2025 Proxy Statement.

Item 14. Principal Accountant Fees and Services.

The information required by this item regarding our principal accountant, Ernst & Young LLP (PCAOB ID No. 42), is incorporated by reference to our 2025 Proxy Statement.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

1. Financial Statements:

   Included herein at pages F-1 through F-45

2. Financial Statement Schedules:

   The following financial statement schedule is included herein at pages F-46 through F-49.

   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 consolidated financial statement.

3. Exhibits:

   The following exhibits are filed as part of this report:

EXHIBITS

Exhibit Number	Description of Exhibit
3.1	Articles of Amendment and Restatement of Summit Hotel Properties, Inc. (incorporated by reference to Exhibit 3.1 to Annual Report on Form 10-K filed by Summit Hotel Properties, Inc. on February 28, 2012).
3.2	Articles Supplementary designating the Company’s 9.25% Series A Cumulative Redeemable Preferred Stock, $0.01 par value per share (incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on October 28, 2011).
3.3	Articles Supplementary designating the Company’s 7.875% Series B Cumulative Redeemable Preferred Stock, $0.01 par value per share (incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on December 7, 2012).
3.4	Articles Supplementary designating the Company’s 7.125% Series C Cumulative Redeemable Preferred Stock, $0.01 par value per share (incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on March 19, 2013).
3.5	Articles Supplementary to the Articles of Amendment and Restatement of Summit Hotel Properties, Inc. prohibiting election under Sections 3-803, 3-804(a), 3-804(b) and 3-805 of the MGCL without stockholder approval (incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K filed with the SEC on May 26, 2016).
3.6	Articles Supplementary designating the Company’s 6.45% Series D Cumulative Redeemable Preferred Stock, $0.01 par value per share (incorporated by reference to Exhibit 3.2 to Registration Statement on Form 8-A filed by Summit Hotel Properties, Inc. on June 24, 2016).
3.7	Articles of Amendment of Summit Hotel Properties, Inc. (incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on May 19, 2017).
3.8	Articles Supplementary of Summit Hotel Properties, Inc. (incorporated by reference to Exhibit 3.2 to Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on May 19, 2017).
3.9	Articles Supplementary to the Articles of Amendment and Restatement of Summit Hotel Properties, Inc. designating the Company’s 6.250% Series E Preferred Stock, $0.01 par value per share (incorporated by reference to Exhibit 3.7 to Registration Statement on Form 8-A filled by Summit Hotel Properties, Inc. on November 8, 2017).
3.10	Articles Supplementary to the Articles of Amendment and Restatement of Summit Hotel Properties, Inc. designating the Company’s 5.875% Series F Cumulative Redeemable Preferred Stock, $0.01 par value per share (incorporated by reference to Exhibit 3.10 to Registration Statement on Form 8-A filed by Summit Hotel Properties, Inc. on August 11, 2021).
3.11†	Maryland State Department of Assessments and Taxation Articles Supplementary.
3.12	Second Amended and Restated Bylaws of Summit Hotel Properties, Inc. (incorporated by reference to Exhibit 3.3 to Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on May 19, 2017).
3.13	First Amendment to the Second Amended and Restated Bylaws of Summit Hotel Properties, Inc. (incorporated by reference to Exhibit 3.2 of the Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on August 26, 2019).
3.14	Third Amended and Restated Bylaws of the Company, effective October 20, 2023 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-Kfiled by the Company on October 25, 2023).
3.15	First Amended and Restated Agreement of Limited Partnership of Summit Hotel OP, LP, dated February 14, 2011, as amended (incorporated by reference to Exhibit 3.4 to the Quarterly Report on Form 10-Q filed by Summit Hotel Properties, Inc. on May 6, 2013).
3.16	First Amendment to the First Amended and Restated Agreement of Limited Partnership of Summit Hotel OP, LP (incorporated by reference to Exhibit 3.2 of the Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on October 28, 2011).
3.17	Second Amendment to the First Amended and Restated Agreement of Limited Partnership of Summit Hotel OP, LP (incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on April 16, 2012).
3.18	Third Amendment to the First Amended and Restated Agreement of Limited Partnership of Summit Hotel OP, LP (incorporated by reference to Exhibit 3.2 of the Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on December 7, 2012).
3.19	Fourth Amendment to the First Amended and Restated Agreement of Limited Partnership of Summit Hotel OP, LP (incorporated by reference to Exhibit 3.2 of the Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on March 19, 2013).
3.20	Fifth Amendment to the First Amended and Restated Agreement of Limited Partnership of Summit Hotel OP, LP (incorporated by reference to Exhibit 3.2 of the Current Report on Form 8-K filed with the SEC on June 24, 2016).

3.21	Sixth Amendment to the First Amended and Restated Agreement of Limited Partnership of Summit Hotel OP, LP. (incorporated by reference to Exhibit 3.5 of the Company's Quarterly Report on Form 10-Q filed by Summit Hotel Properties, Inc. on August 2, 2016).
3.22	Seventh Amendment to the First Amended and Restated Agreement of Limited Partnership of Summit Hotel OP, LP. (incorporated by reference to Exhibit 3.2 of the Company's Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on November 8, 2017).
3.23	Eighth Amendment to the First Amended and Restated Agreement of Limited Partnership of Summit Hotel OP, LP. (incorporated by reference to Exhibit 3.19 of the Annual Report filed by Summit Hotel Properties, Inc. on February 21, 2018).
3.24	Ninth Amendment to the First Amended and Restated Agreement of Limited Partnership of Summit Hotel OP, LP. (incorporated by reference to Exhibit 3.2 of the Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on August 11, 2021).
3.25	Tenth Amendment to the First Amended and Restated Agreement of Limited Partnership of Summit Hotel OP, LP. (incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on January 14, 2022).
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).
4.2†	Description of the registrant's securities.
4.3	Indenture, dated January 12, 2021, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on January 12, 2021).
4.4	First Supplemental Indenture, dated January 12, 2021, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on January 12, 2021).
4.5	Form of 1.50% Convertible Senior Notes Due 2026 of the Company (attached as Exhibit A to the First Supplemental Indenture) (incorporated by reference to Exhibit 4.3 to the Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on January 12, 2021).
10.1	$600,000,000 Amended and Restated Credit Agreement, dated as of June 21, 2023, among Summit Hotel OP, LP, as Borrower, Summit Hotel Properties, Inc., as Parent Guarantor, the other guarantors named therein, as Subsidiary Guarantors, the Initial Lenders, Initial Issuing Banks, Bank of America, N.A., as Administrative Agent, Wells Fargo Bank, N.A., JPMorgan Chase Bank, N.A., Regions Bank, and U.S. Bank National Association, as Co-Syndication Agents, with Bank of Nova Scotia, Capital One, National Association, and Truist Bank, as Co-Documentation Agents, with BofA Securities, Inc., Wells Fargo Securities LLC, JPMorgan Chase Bank, N.A., Regions Capital Markets, U.S. Bank National Association, Bank of Nova Scotia, Capital One, National Association, and Truist Securities, Inc., as Joint Lead Arrangers, and with BofA Securities, Inc., Wells Fargo Securities LLC, JPMorgan Chase Bank, N.A., Regions Capital Markets, and U.S. Bank National Association, as Joint Bookrunners (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on June 27, 2023).
10.2	First Amendment to Credit Agreement dated May 7, 2020 among Summit Hotel OP, LP, as borrower, Summit Hotel Properties, Inc., as parent guarantor, each party executing the credit facility documentation as a subsidiary guarantor, Deutsche Bank AG New York Branch, as administrative agent, and the lenders party to the Credit Agreement (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on May 12, 2020).
10.3	Second Amendment to Credit Agreement dated May 7, 2020 among Summit Hotel OP, LP, as borrower, Summit Hotel Properties, Inc., as parent guarantor, each party executing the credit facility documentation as a subsidiary guarantor, KeyBank National Association, as administrative agent, and the lenders party to the Credit Agreement (incorporated by reference to Exhibit 10.3 of the Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on May 12, 2020).
10.4	First Amended and Restated Credit Agreement, dated as of February 15, 2018, among Summit Hotel OP, LP, as Borrower, Summit Hotel Properties, Inc., as Parent Guarantor, the other guarantors named herein, as subsidiary guarantors, the initial lenders named therein, Keybank National Association, as Administrative Agent, Regions Bank, Raymond James Bank, N.A., PNC Bank, National Association, Capital One, National Association, and Branch Banking and Trust Company, as co-syndication agents, and Keybanc Capital Markets, Inc., as sole bookrunner, Keybanc Capital Markets, Inc., Regions Capital Markets, Raymond James Bank, N.A., PNC Capital Markets LLC, Capital One, National Association, and Branch Banking and Trust Company as joint lead arrangers. (incorporated by reference to Exhibit 10.9 of the Annual Report filed by Summit Hotel Properties, Inc. on February 21, 2018).
10.5	Third Amendment to the First Amended and Restated Credit Agreement dated May 7, 2020 among Summit Hotel OP, LP, as borrower, Summit Hotel Properties, Inc., as parent guarantor, each party executing the credit facility documentation as a subsidiary guarantor, KeyBank National Association, as administrative agent, and the lenders party to the Credit Agreement (incorporated by reference to Exhibit 10.2 of the Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on May 12, 2020).

10.6	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 of the Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on February 18, 2011).
10.7	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 of the Quarterly Report on Form 10-Q filed by Summit Hotel Properties, Inc. on August 15, 2011).
10.8	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).
10.9*	Summit Hotel Properties, Inc. 2011 Equity Incentive Plan, as amended and restated effective May 13, 2021 (incorporated by reference to Appendix A to the Definitive Proxy Statement on Schedule 14A filed by Summit Hotel Properties, Inc. on March 26, 2021).
10.10*	Summit Hotel Properties, Inc. 2024 Equity Incentive Plan, effective May 22, 2024 (incorporated by reference to Appendix A to the Definitive Proxy Statement on Schedule 14A filed by Summit Hotel Properties, Inc. on April 3, 2024).
10.11*	Form of Stock Award Agreement (Service-Based Shares) between Summit Hotel Properties, Inc. and its executive officers (incorporated by reference to Exhibit 10.5 of the Company's Quarterly Report on Form 10-Q filed by Summit Hotel Properties, Inc. on May 3, 2016).
10.12*	Form of Stock Award Agreement (Performance Based Shares) between Summit Hotel Properties, Inc. and its executive officers (incorporated by reference to Exhibit 10.6 of the Company's Quarterly Report on Form 10-Q filed by Summit Hotel Properties, Inc. on May 3, 2016).
10.13*	Form of Incentive Award Agreement between Summit Hotel Properties, Inc. and its executive officers (incorporated by reference to Exhibit 10.7 of the Company's Quarterly Report on Form 10-Q filed by Summit Hotel Properties, Inc. on May 3, 2016).
10.14*	Employment Agreement, dated May 28, 2014, between Summit Hotel Properties, Inc. and Christopher R. Eng (incorporated by reference to Exhibit 10.4 to Quarterly Report on Form 10-Q filed by Summit Hotel Properties, Inc. on August 6, 2014).
10.15*	Employment Agreement, dated March 3, 2015, between Summit Hotel Properties, Inc. and Paul Ruiz (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q filed by Summit Hotel Properties, Inc. on May 4, 2015).
10.16*	Employment Agreement, dated December 17, 2020, between Summit Hotel Properties, Inc. and William Conkling (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on April 28, 2021).
10.17*	Employment Agreement, dated December 17, 2020, between Summit Hotel Properties, Inc. and Jonathan P. Stanner (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on December 22, 2020)
10.18*	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).
10.19	$200 Million Credit Agreement dated October 8, 2019 among Summit JV MR 1, LLC, as borrower, Summit Hospitality JV, LP, as parent, each party executing the credit facility documentation as a subsidiary guarantor, Bank of America N.A., as administrative agent and sole initial lender, and BofA Securities, Inc., as sole lead arranger and sole bookrunner (incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on October 15, 2019).
10.20	Second Amendment to Credit Agreement dated June 18, 2020 among Summit JV MR 1, LLC, as borrower, Summit Hospitality JV, LP, as parent guarantor, each party executing the credit facility documentation as a subsidiary guarantor, Bank of America, N.A., as administrative agent, and the lenders party to the Credit Agreement (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on June 24, 2020).
10.21	$200 Million Credit Agreement dated September 15, 2023, among Summit JV MR 1, LLC, as borrower, Summit Hospitality JV, LP, as parent, each subsidiary of the borrower executing the credit facility documentation as a guarantor, the Initial Lenders, Bank of America, N.A., as administrative agent, and BofA Securities, Inc., as sole lead arranger and sole bookrunner (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on September 21, 2023).
10.22	Fifth Amendment to Credit Agreement dated February 5, 2021 among Summit Hotel OP, LP, as borrower, Summit Hotel Properties, Inc., as parent guarantor, each party executing the credit facility documentation as a subsidiary guarantor, KeyBank National Association, as administrative agent, and the lenders party to the Credit Agreement (incorporated by reference to Exhibit 10.3 of the Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on February 8, 2021).

10.23	Sixth Amendment to the First Amended and Restated Credit Agreement dated February 5, 2021 among Summit Hotel OP, LP, as borrower, Summit Hotel Properties, Inc., as parent guarantor, each party executing the credit facility documentation as a subsidiary guarantor, KeyBank National Association, as administrative agent, and the lenders party to the Credit Agreement (incorporated by reference to Exhibit 10.2 of the Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on February 8, 2021).
10.24	Third Amendment to Credit Agreement dated April 29, 2021 among Summit JV MR 1, LLC, as borrower, Summit Hospitality JV, LP, as parent guarantor, each party executing the credit facility documentation as a subsidiary guarantor, Bank of America, N.A., as administrative agent, and the lenders party to the Credit Agreement (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q filed by Summit Hotel Properties, Inc. on May 4, 2021).
10.25	Registration Rights Agreement dated January 13, 2022 among Summit Hotel Properties, Inc. and Bright Force Investment, LLC, Sagestar Family, LLC and C&D Family Holdings, LLC (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on January 14, 2022).
10.26	Director Nomination Agreement dated January 13, 2022 among Summit Hotel Properties, Inc. and Bright Force Investment, LLC, Sagestar Family, LLC and C&D Family Holdings, LLC (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on January 14, 2022).
10.27	Tax Protection Agreement dated January 13, 2022 among Summit Hotel OP, LP and NewcrestImage Holdings, LLC, Sagestar Family, LLC and C&D Family Holding, LLC, LLC, (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on January 14, 2022).
10.28	$410 Million Credit Agreement, dated January 13, 2022, among Summit JV MR 2, LLC, Summit JV MR 3, LLC and Summit NCI NOLA BR 184, LLC as borrowers, Summit Hospitality JV, LP, as parent, each party executing the credit facility documentation as a guarantor, Bank of America, N.A., as administrative agent and initial lender, Wells Fargo Bank, National Association as syndication agent and initial lender, BofA Securities, Inc., as joint lead arranger and joint bookrunner and Wells Fargo Securities, LLC as joint lead arranger and joint bookrunner (incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on January 14, 2022).
10.29	Third Amendment to Credit Agreement dated April 29, 2021 among Summit JV MR 1, LLC, as borrower, Summit Hospitality JV, LP, as parent guarantor, each party executing the credit facility documentation as a subsidiary guarantor, Bank of America, N.A., as administrative agent, and a syndicate of lenders including Bank of America, N.A., KeyBank National Association and Bank of Montreal, Chicago Branch (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q filed by Summit Hotel Properties, Inc. on May 4, 2021).
10.30	Fifth Amendment to Credit Agreement dated July 21, 2022 among Summit Hotel OP, LP, as borrower, Summit Hotel Properties, Inc., as parent guarantor, each party executing the credit facility documentation as a subsidiary guarantor, Bank of America, N.A., as administrative agent, and the lenders party to the Credit Agreement (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on July 27, 2022).
10.31	Eighth Amendment to the First Amended and Restated Credit Agreement dated July 21, 2022 among Summit Hotel OP, LP, as borrower, Summit Hotel Properties, Inc., as parent guarantor, each party executing the credit facility documentation as a subsidiary guarantor, KeyBank National Association, as administrative agent, and the lenders party to the Credit Agreement (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on July 27, 2022).
10.32	Amended and Restated Credit Agreement dated June 21, 2023 among Summit Hotel OP, LP, as borrower, Summit Hotel Properties, Inc., as parent guarantor, each party executing the credit facility documentation as a subsidiary guarantor, Bank of America, N.A., as administrative agent, and the lenders party to the Amended and Restated Credit Agreement (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on June 27, 2023).
10.33	$200 Million Credit Agreement dated September 15, 2023 among Summit JV MR 1, LLC, as borrower, Summit Hospitality JV, LP, as parent, each subsidiary of the borrower executing the credit facility documentation as a guarantor, various initial lenders, Bank of America, N.A., as administrative agent, and BofA Securities, Inc., as sole lead arranger and sole bookrunner (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Summit Hotel Properties, Inc. on September 21, 2023).
10.34	$200 Million Credit Agreement dated February 26, 2024 among Summit Hotel OP, LP as borrower, Summit Hotel Properties, Inc., as parent, each subsidiary of the borrower executing the credit facility documentation as a guarantor, various initial lenders, Regions Bank as administrative agent, and Regions Capital Markets and Capital One, National Association as joint bookrunners (incorporated by reference to Exhibit 10.34 to the Annual Report on Form 10-K filed by Summit Hotel Properties, Inc. on February 29, 2024).
19.1†	Summit Hotel Properties, Inc. Insider Trading Compliance Policy
21.1†	List of Subsidiaries of Summit Hotel Properties, Inc.
23.1†	Consent of Ernst & Young, 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 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
32.1†	Certification of Chief Executive Officer of 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 of 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
97.1	Policy for Recovery of Erroneously Awarded Compensation (incorporated by reference to Exhibit 97.1 to the Annual Report on Form 10-K filed by Summit Hotel Properties, Inc. on February 29, 2024)
101.INS(1)	XBRL Instance Document
101.SCH(1)	XBRL Taxonomy Extension Schema Document
101.CAL(1)	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF(1)	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB(1)	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE(1)	XBRL Taxonomy Presentation Linkbase Document
104(1)	The cover page for Summit Hotel Properties, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2024 (formatted in Inline XBRL and contained in Exhibit 101).

* Management contract or compensatory plan or arrangement.
† Filed herewith
(1) Submitted electronically herewith

Item 16. Form 10-K Summary.

None.

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 24, 2025

By: /s/ Jonathan P. Stanner
Jonathan P. Stanner
President, Chief Executive Officer and Director

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

Signature	Title	Date
/s/ Jeffrey W. Jones Jeffrey W. Jones	Chairman of the Board of Directors	February 24, 2025
/s/ Jonathan P. Stanner Jonathan P. Stanner	President, Chief Executive Officer and Director (principal executive officer)	February 24, 2025
/s/ William H. Conkling William H. Conkling	Executive Vice President and Chief Financial Officer (principal financial officer)	February 24, 2025
/s/ Paul Ruiz Paul Ruiz	Senior Vice President and Chief Accounting Officer (principal accounting officer)	February 24, 2025
/s/ Bjorn R. L. Hanson Bjorn R. L. Hanson	Director	February 24, 2025
/s/ Kenneth J. Kay Kenneth J. Kay	Director	February 24, 2025
/s/ Mehulkumar B. Patel Mehulkumar B. Patel	Director	February 24, 2025
/s/ Amina Belouizdad Porter Amina Belouizdad Porter	Director	February 24, 2025
/s/ Thomas W. Storey Thomas W. Storey	Director	February 24, 2025
/s/ Hope S. Taitz Hope S. Taitz	Director	February 24, 2025

SUMMIT HOTEL PROPERTIES, INC.
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Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Summit Hotel Properties, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Summit Hotel Properties, Inc. (the Company) as of December 31, 2024 and 2023, the related consolidated statements of operations, comprehensive income (loss), changes in equity and redeemable non-controlling interests, and cash flows for each of the three years in the period ended December 31, 2024, and the related notes and financial statement schedule listed in the Index at Item 15 (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 24, 2025 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the account or disclosure to which it relates.

	Impairment of Investments in Lodging Property, net
Description of the Matter	Investments in lodging property, net totaled $2.7 billion at December 31, 2024. As explained in Note 2 of the consolidated financial statements, the Company monitors events and changes in circumstances for indicators that the carrying value of a lodging property or undeveloped land may be impaired. When such indicators are identified, the Company prepares an estimate of undiscounted future cash flows of the specific property and determines if the carrying amount of the asset is recoverable. If carrying amount of the asset is not recoverable, the Company estimates the fair value of the property, and an adjustment is made to reduce the carrying value of the property to its estimated fair value. Auditing the Company's impairment assessment for its investments in lodging property was challenging because it involved a high degree of subjectivity in applying audit procedures and evaluating the factors the Company considered in its identification of impairment indicators.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls over the Company's lodging property impairment evaluation process. For example, we tested controls over management's evaluation of the factors used in identifying potential impairment indicators. To test the Company's evaluation of the factors used in identifying potential impairment indicators, we performed procedures that included, among others, testing management's assessment of the lodging properties' performance relative to historical or anticipated operating results in addition to testing whether there were significant changes in the lodging properties' estimated holding periods and disposition strategy. For example, we compared and assessed the lodging properties' historical operating results to the current market information using both internally and externally available information. We also made inquiries of management to confirm the lodging properties' holding periods in addition to inspecting other information such as the minutes to the Company's operational meetings and the meetings of the Board of Directors to either confirm or contradict management's responses.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2013.

Austin, Texas

February 24, 2025

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Summit Hotel Properties, Inc.

Opinion on Internal Control Over Financial Reporting

We have audited Summit Hotel Properties, Inc.'s internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Summit Hotel Properties, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2024 and 2023, the related consolidated statements of operations, comprehensive income (loss), changes in equity and redeemable non-controlling interests and cash flows for each of the three years in the period ended December 31, 2024, and the related notes and financial statement schedule listed in the Index at Item 15 and our report dated February 24, 2025 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's 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 the Effectiveness of 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 are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. 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 included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

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.

/s/ Ernst & Young LLP

Austin, Texas
February 24, 2025

Summit Hotel Properties, Inc.
Consolidated Balance Sheets
(in thousands, except share amounts)

	December 31, 2024	December 31, 2023
ASSETS		
Investments in lodging property, net	$ 2,746,340	$ 2,736,975
Investment in lodging property under development	7,617	1,451
Assets held for sale, net	1,650	65,736
Cash and cash equivalents	40,637	37,837
Restricted cash	7,721	9,931
Right-of-use assets, net	33,309	34,814
Trade receivables, net	18,625	21,348
Prepaid expenses and other	9,580	8,865
Deferred charges, net	6,460	6,659
Other assets	24,291	15,632
Total assets	$ 2,896,230	$ 2,939,248
LIABILITIES, REDEEMABLE NON-CONTROLLING INTERESTS AND EQUITY		
Liabilities:		
Debt, net of debt issuance costs	$ 1,396,710	$ 1,430,668
Lease liabilities, net	24,871	25,842
Accounts payable	7,450	4,827
Accrued expenses and other	82,153	81,215
Total liabilities	1,511,184	1,542,552
Commitments and contingencies (Note 12)		
Redeemable non-controlling interests	50,219	50,219
Equity:		
Preferred stock, $0.01 par value per share, 100,000,000 shares authorized:		
6.25% Series E - 6,400,000 shares issued and outstanding at December 31, 2024 and 2023 (aggregate liquidation preference of $160,861 at December 31, 2024 and 2023)	64	64
5.875% Series F - 4,000,000 shares issued and outstanding at December 31, 2024 and 2023 (aggregate liquidation preference of $100,506 at December 31, 2024 and 2023)	40	40
Common stock, $0.01 par value per share, 500,000,000 shares authorized, 108,435,663 and 107,593,373 shares issued and outstanding at December 31, 2024 and 2023 respectively	1,084	1,076
Additional paid-in capital	1,246,225	1,238,896
Accumulated other comprehensive income	9,173	10,967
Accumulated deficit and distributions in excess of retained earnings	(347,041)	(339,848)
Total stockholders' equity	909,545	911,195
Non-controlling interests	425,282	435,282
Total equity	1,334,827	1,346,477
Total liabilities, redeemable non-controlling interests and equity	$ 2,896,230	$ 2,939,248

See Notes to Consolidated Financial Statements

Summit Hotel Properties, Inc.
Consolidated Statements of Operations
(in thousands, except per share amounts)

	For the Years Ended December 31,		
	2024	2023	2022
Revenues:			
Room	$ 650,713	$ 656,063	$ 609,370
Food and beverage	40,865	41,513	32,117
Other	40,205	38,551	34,208
Total revenues	731,783	736,127	675,695
Expenses:			
Room	146,790	148,005	136,999
Food and beverage	30,964	31,580	24,897
Other lodging property operating expenses	224,409	224,901	207,975
Property taxes, insurance and other	54,116	55,167	49,921
Management fees	15,866	18,452	17,442
Depreciation and amortization	146,436	150,924	150,160
Corporate general and administrative	31,891	32,530	30,765
Transaction costs	10	13	749
Loss on impairment and write-down of assets	6,723	16,661	10,420
Recovery of credit losses	—	(1,230)	(1,100)
Total expenses	657,205	677,003	628,228
Gain (loss) on disposal of assets, net	28,912	(337)	20,315
Operating income	103,490	58,787	67,782
Other income (expense):			
Interest expense	(82,632)	(86,798)	(65,581)
Interest income	1,906	1,688	1,544
Gain on extinguishment of debt	3,000	—	—
Other income, net	4,384	1,005	1,083
Total other expense, net	(73,342)	(84,105)	(62,954)
Income (loss) from continuing operations before income taxes	30,148	(25,318)	4,828
Income tax benefit (expense) (Note 15)	8,743	(2,798)	(3,611)
Net income (loss)	38,891	(28,116)	1,217
Less - Loss attributable to non-controlling interests	(4,751)	(18,627)	(249)
Net income (loss) attributable to Summit Hotel Properties, Inc. before preferred dividends and distributions	43,642	(9,489)	1,466
Less - Distributions to and accretion of redeemable non-controlling interests	(2,626)	(2,626)	(2,520)
Less - Preferred dividends	(15,875)	(15,875)	(15,875)
Net income (loss) attributable to common stockholders	$ 25,141	$ (27,990)	$ (16,929)
Income (loss) per common share:			
Basic	$ 0.23	$ (0.27)	$ (0.16)
Diluted	$ 0.22	$ (0.27)	$ (0.16)
Weighted average common shares outstanding:			
Basic	105,927	105,548	105,142
Diluted	132,365	105,548	105,142
Dividends per common share	$ 0.30	$ 0.22	$ 0.08

See Notes to Consolidated Financial Statements

Summit Hotel Properties, Inc.
Consolidated Statements of Comprehensive Income (Loss)
(in thousands)

	For the Years Ended December 31,		
	2024	2023	2022
Net income (loss)	$ 38,891	$ (28,116)	$ 1,217
Other comprehensive income (loss), net of tax:			
Changes in fair value of derivative financial instruments	(2,384)	(2,884)	32,564
Comprehensive income (loss)	36,507	(31,000)	33,781
Comprehensive loss (income) attributable to non-controlling interests	5,341	17,940	(2,138)
Comprehensive income (loss) attributable to Summit Hotel Properties, Inc.	41,848	(13,060)	31,643
Distributions to and accretion on redeemable non-controlling interests	(2,626)	(2,626)	(2,520)
Preferred dividends and distributions	(15,875)	(15,875)	(15,875)
Comprehensive income (loss) attributable to common stockholders	$ 23,347	$ (31,561)	$ 13,248

See Notes to Consolidated Financial Statements

Summit Hotel Properties, Inc.
Consolidated Statements of Changes in Equity and Redeemable Non-controlling Interests
For the Years Ended December 31, 2024, 2023 and 2022
(in thousands, except share amounts)

	Redeemable Non-controlling Interests	Shares of Preferred Stock	Preferred Stock	Shares of Common Stock	Common Stock	Additional Paid-In Capital	Accumulated Comprehensive Income (Loss)	Accumulated Deficit and Distributions	Stockholders' Equity	Non-Controlling Interests	Total Equity
December 31, 2021	$ —	10,400,000	$ 104	106,337,724	$ 1,063	$ 1,225,184	$ (15,639)	$ (262,639)	$ 948,073	$ 159,119	$ 1,107,192
Redeemable non-controlling interests in operating partnership issued for the acquisition of a portfolio of lodging properties	50,000	—	—	—	—	—	—	—	—	—	—
Adjustment of redeemable non-controlling interests to redemption value	2,520	—	—	—	—	—	—	(2,520)	(2,520)	—	(2,520)
Non-controlling interests in operating partnership issued for the acquisition of a portfolio of lodging properties	—	—	—	—	—	—	—	—	—	157,513	157,513
Sale of non-controlling interests in joint venture	—	—	—	—	—	—	—	—	—	674	674
Contributions by non-controlling interest in joint venture	—	—	—	—	—	1,219	—	—	1,219	210,658	211,877
Common stock redemption of common units	—	—	—	12,664	1	126	—	—	127	(127)	—
Dividends and distributions on common stock and common units	—	—	—	—	—	—	—	(8,632)	(8,632)	(1,279)	(9,911)
Preferred dividends and distributions	(2,301)	—	—	—	—	—	—	(15,875)	(15,875)	(165)	(16,040)
Joint venture partner distributions	—	—	—	—	—	—	—	—	—	(80,353)	(80,353)
Equity-based compensation	—	—	—	811,988	8	8,438	—	—	8,446	—	8,446
Shares of common stock acquired for employee withholding requirements	—	—	—	(260,800)	(3)	(2,453)	—	—	(2,456)	—	(2,456)
Other	—	—	—	—	—	(212)	—	—	(212)	(41)	(253)
Other comprehensive income	—	—	—	—	—	—	30,177	—	30,177	2,387	32,564
Net income (loss)	—	—	—	—	—	—	—	1,466	1,466	(249)	1,217
December 31, 2022	50,219	10,400,000	104	106,901,576	1,069	1,232,302	14,538	(288,200)	959,813	448,137	1,407,950
Adjustment of redeemable non-controlling interests to redemption value	2,626	—	—	—	—	—	—	(2,626)	(2,626)	—	(2,626)
Sale of non-controlling interests in joint venture	—	—	—	—	—	—	—	—	—	1,353	1,353
Redemption of preferred non-controlling interests	—	—	—	—	—	—	—	(37)	(37)	(375)	(412)
Contributions by non-controlling interest in joint venture	—	—	—	—	—	—	—	—	—	20,792	20,792
Common stock redemption of common units	—	—	—	28,179	—	272	—	—	272	(272)	—
Dividends and distributions on common stock and common units	—	—	—	—	—	—	—	(23,616)	(23,616)	(3,512)	(27,128)
Preferred dividends and distributions	(2,626)	—	—	—	—	—	—	(15,875)	(15,875)	(330)	(16,205)
Joint venture partner distributions	—	—	—	—	—	—	—	—	—	(12,426)	(12,426)
Equity-based compensation	—	—	—	847,647	8	7,734	—	—	7,742	—	7,742
Shares of common stock acquired for employee withholding requirements	—	—	—	(184,029)	(1)	(1,387)	—	—	(1,388)	—	(1,388)
Other	—	—	—	—	—	(25)	—	(5)	(30)	(145)	(175)
Other comprehensive (loss) income	—	—	—	—	—	—	(3,571)	—	(3,571)	687	(2,884)
Net loss	—	—	—	—	—	—	—	(9,489)	(9,489)	(18,627)	(28,116)
December 31, 2023	50,219	10,400,000	104	107,593,373	1,076	1,238,896	10,967	(339,848)	911,195	435,282	1,346,477

See Notes to Consolidated Financial Statements

Summit Hotel Properties, Inc.
Consolidated Statements of Changes in Equity and Redeemable Non-controlling Interests
For the Years Ended December 31, 2024, 2023 and 2022
(in thousands, except share amounts)

	Redeemable Non-controlling Interests	Shares of Preferred Stock	Preferred Stock	Shares of Common Stock	Common Stock	Additional Paid-In Capital	Accumulated Comprehensive Income (Loss)	Accumulated Deficit and Distributions	Stockholders' Equity	Non-Controlling Interests	Total Equity
December 31, 2023	50,219	10,400,000	104	107,593,373	1,076	1,238,896	10,967	(339,848)	911,195	435,282	1,346,477
Adjustment of redeemable non-controlling interests to redemption value	2,626	—	—	—	—	—	—	(2,626)	(2,626)	—	(2,626)
Contributions by non-controlling interest in joint venture	—	—	—	—	—	—	—	—	—	22,497	22,497
Common stock redemption of common units	—	—	—	15,555	—	144	—	—	144	(144)	—
Dividends and distributions on common stock and common units	—	—	—	—	—	—	—	(32,334)	(32,334)	(4,782)	(37,116)
Preferred dividends and distributions	(2,626)	—	—	—	—	—	—	(15,875)	(15,875)	(300)	(16,175)
Joint venture partner distributions	—	—	—	—	—	—	—	—	—	(21,930)	(21,930)
Equity-based compensation	—	—	—	971,389	9	8,123	—	—	8,132	—	8,132
Shares of common stock acquired for employee withholding requirements	—	—	—	(144,654)	(1)	(938)	—	—	(939)	—	(939)
Other comprehensive loss	—	—	—	—	—	—	(1,794)	—	(1,794)	(590)	(2,384)
Net income (loss)	—	—	—	—	—	—	—	43,642	43,642	(4,751)	38,891
December 31, 2024	$ 50,219	10,400,000	$ 104	108,435,663	$ 1,084	$ 1,246,225	$ 9,173	$ (347,041)	$ 909,545	$ 425,282	$ 1,334,827

See Notes to Consolidated Financial Statements

Summit Hotel Properties, Inc.
Consolidated Statements of Cash Flows
(in thousands)

	For the Years Ended December 31,		
	2024	2023	2022
OPERATING ACTIVITIES:			
Net income (loss)	$ 38,891	$ (28,116)	$ 1,217
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	146,436	150,924	150,160
Amortization of debt issuance costs	6,582	5,910	5,708
Loss on impairment and write-down of assets	6,723	16,661	10,420
Recovery of credit losses	—	(1,230)	(1,100)
Equity-based compensation	8,132	7,742	8,446
Deferred tax expense (benefit)	762	84	(59)
Reversal of valuation allowance on deferred tax assets	(12,061)	—	—
(Gain) loss on disposal of assets, net	(28,912)	337	(20,315)
Gain on extinguishment of debt	(3,000)	—	—
Non-cash interest income	(400)	(531)	(113)
Debt transaction costs	647	395	1,528
Other	450	793	232
Changes in operating assets and liabilities:			
Trade receivables, net	2,724	(334)	(7,257)
Prepaid expenses and other	(1,034)	(636)	1,845
Accounts payable	2,513	(380)	(438)
Accrued expenses and other	(2,130)	2,022	19,341
NET CASH PROVIDED BY OPERATING ACTIVITIES	166,323	153,641	169,615
INVESTING ACTIVITIES:			
Acquisitions of lodging properties	(96,329)	(44,614)	(286,731)
Improvements to lodging properties	(89,306)	(89,580)	(76,469)
Investment in property under development	(5,150)	(826)	—
Proceeds from tax incentive payment	9,896	—	—
Proceeds from asset dispositions, net	109,442	35,176	73,758
Funding of real estate loans and related expenses	—	(4,576)	(2,167)
Proceeds from principal payments on real estate loans	—	1,462	1,096
Escrow (deposits) receipts	(52)	1,000	—
NET CASH USED IN INVESTING ACTIVITIES	(71,499)	(101,958)	(290,513)
FINANCING ACTIVITIES:			
Proceeds from borrowings on revolving line of credit	115,000	75,000	531,500
Repayments of revolving line of credit borrowings	(105,000)	(90,000)	(25,000)
Proceeds from term-loan borrowings	50,000	—	—
Principal payments on debt	(94,675)	(2,284)	(506,898)
Proceeds from the sale of non-controlling interests	—	1,353	674
Redemption of preferred stock	—	(413)	—
Common dividends and distributions paid	(36,875)	(26,945)	(10,048)
Preferred dividends and distributions paid	(18,801)	(18,831)	(18,341)
Proceeds from contributions by non-controlling interests in joint venture	22,497	20,592	204,125
Distributions to joint venture partner	(21,930)	(12,426)	(80,353)
Financing fees, debt transactions costs and other issuance costs	(3,511)	(10,381)	(7,441)
Repurchase of common stock for tax withholding requirements	(939)	(1,388)	(2,456)
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(94,234)	(65,723)	85,762
Net change in cash, cash equivalents and restricted cash	590	(14,040)	(35,136)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH			
Beginning of period	47,768	61,808	96,944
End of period	$ 48,358	$ 47,768	$ 61,808
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH WITHIN THE CONSOLIDATED BALANCE SHEETS TO THE AMOUNTS SHOWN IN THE STATEMENTS OF CASH FLOWS ABOVE:			
Cash and cash equivalents	$ 40,637	$ 37,837	$ 51,255
Restricted cash	7,721	9,931	10,553
TOTAL CASH, CASH EQUIVALENTS AND RESTRICTED CASH	$ 48,358	$ 47,768	$ 61,808

See Notes to Consolidated Financial Statements

NOTE 1 — DESCRIPTION OF BUSINESS

General

Summit Hotel Properties, Inc. (the “Company”) is a self-managed lodging property 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. Unless the context otherwise requires, “we,” “us,” and “our” refer to the Company and its consolidated subsidiaries.

We focus on owning lodging properties with efficient operating models that generate strong margins and investment returns. At December 31, 2024, our portfolio consisted of 97 lodging properties with a total of 14,553 guestrooms located in 25 states. At December 31, 2024, we own 100% of the outstanding equity interests in 53 of 97 of our lodging properties. We own a 51% controlling interest in 41 hotels through a joint venture with USFI G-Peak Pte. Ltd. ("GIC"), a private limited company incorporated in the Republic of Singapore (the "GIC Joint Venture"), and two 90% equity interests in separate joint ventures (the "Brickell Joint Venture" and the "Onera Joint Venture"). The Brickell Joint Venture owns two lodging properties, and the Onera Joint Venture owns one lodging property.

At December 31, 2024, 86% of our guestrooms were located in the top 50 metropolitan statistical areas (“MSAs”), 91% were located within the top 100 MSAs and over 99% of our guestrooms operated under premium franchise brands owned by Marriott® International, Inc. (“Marriott”), Hilton® Worldwide (“Hilton”), Hyatt® Hotels Corporation (“Hyatt”), and InterContinental® Hotels Group (“IHG”).

We have elected to be taxed as a real estate investment trust (“REIT”) for federal income tax purposes. To qualify as a REIT, we cannot operate or manage our lodging properties. Accordingly, all of our lodging properties are leased to our taxable REIT subsidiaries (“TRS Lessees” or "TRSs") and managed by professional third-party lodging property management companies.

NOTE 2 — BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

We prepare our Consolidated Financial Statements in conformity with U.S. Generally Accepted Accounting Principles (“GAAP”), which requires us 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 in the reporting period. Actual results could differ from those estimates.

The accompanying Consolidated Financial Statements consolidate the accounts of all entities in which we have a controlling financial interest, as well as variable interest entities, if any, for which the Company is the primary beneficiary. All significant intercompany balances and transactions have been eliminated in the Consolidated Financial Statements.

We evaluate joint venture partnerships to determine if they should be consolidated based on whether the partners exercise joint control. For a joint venture where we exercise primary control and we also own a majority of the equity interests, we consolidate the joint venture partnership. We have consolidated the accounts of all of our joint ventures in our Consolidated Financial Statements.

Acquisitions of Lodging Property

We analyze the acquisition of a lodging property to determine if it qualifies as the purchase of a business or an asset acquisition. If substantially all of the fair value of the gross assets acquired are concentrated in a single identifiable asset or group of similar identifiable assets, the asset or asset group is not considered a business and we would record the transaction as an asset acquisition, which includes the capitalization of acquisition costs. For an asset acquisition, we allocate the purchase price paid to the assets acquired and the liabilities assumed in the transaction based on their relative fair values. For a business combination, we would record the assets and liabilities acquired at their respective estimated fair values. When we acquire a lodging property, we use all available information to make these fair value determinations, including discounted cash flow analyses and market comparable data. In addition, we make significant estimates regarding replacement costs for the buildings and furniture, fixtures and equipment, including estimated useful lives and judgements related to certain market assumptions. We also engage independent valuation specialists to assist in the fair value determinations of the assets acquired and the liabilities assumed. The determination of fair value is subjective and is based on assumptions and estimates that could differ materially from actual results in future periods.

Investments in Lodging Property, net

The Company allocates the purchase price of acquired lodging properties based on the relative fair values of the acquired land, land improvements, building, furniture, fixtures and equipment, identifiable intangible assets or liabilities, other assets and assumed liabilities. Intangible assets may include certain value associated with the on-going operations of the lodging business being acquired as part of the property acquisition. Acquired intangible assets that derive their values from real property, or an interest in real property, are inseparable from that real property or interest in real property, do not produce or contribute to the production of income other than consideration for the use or occupancy of space, and are recorded as a component of the related real estate asset in our Consolidated Financial Statements. We allocate the purchase price of acquired lodging properties to land, building and furniture, fixtures and equipment based on independent third-party appraisals.

Our lodging properties and related assets are recorded at cost, less accumulated depreciation. We capitalize development costs and the costs of significant additions and improvements that materially upgrade, increase the value or extend the useful life of the property. These costs may include development, refurbishment, renovation, and remodeling expenditures, as well as certain indirect internal costs related to construction projects. If an asset requires a period of time in which to carry out the activities necessary to bring it to the condition necessary for its intended use, the interest cost incurred during that period as a result of expenditures for the asset is capitalized as part of the cost of the asset. We expense the cost of repairs and maintenance as incurred.

We generally depreciate our lodging properties and related assets using the straight-line method over their estimated useful lives as follows:

Classification	**Estimated Useful Lives**
Buildings and improvements	6 to 40 years
Furniture, fixtures and equipment	2 to 15 years

We periodically re-evaluate asset lives based on current assessments of remaining utilization, which may result in changes in estimated useful lives. Such changes are accounted for prospectively and will increase or decrease future depreciation expense.

When depreciable property and equipment is retired or disposed, the related costs and accumulated depreciation are removed from the balance sheet and any gain or loss is reflected in current operations.

On a limited basis, we provide financing to developers of lodging properties for development projects. We evaluate these arrangements to determine if we participate in residual profits of the lodging property through the loan provisions or other agreements. Where we conclude that these arrangements are more appropriately treated as an investment in the real property, we reflect the loan in Investments in lodging property, net in our Consolidated Balance Sheets.

We monitor events and changes in circumstances for indicators that the carrying value of a lodging property or undeveloped land may be impaired. Additionally, we perform at least annual reviews to monitor the factors that could trigger an impairment. Factors that we consider for an impairment analysis include, among others: i) significant underperformance relative to historical or anticipated operating results, ii) significant changes in the manner of use of a property or the strategy of our overall business, including changes in the estimated holding periods for lodging properties and land parcels, iii) a significant increase in competition, iv) a significant adverse change in legal factors or regulations, v) changes in values of comparable land or lodging property sales, vi) significant negative industry or economic trends, and fair value less costs to sell of lodging properties held for sale relative to the contractual selling price. When such factors are identified, we prepare an estimate of the undiscounted future cash flows of the specific property and determine if the carrying amount of the asset is recoverable. If the carrying amount of the asset is not recoverable, we estimate the fair value of the property based on discounted cash flows or sales price if the property is under contract and an adjustment is made to reduce the carrying value of the property to its estimated net fair value.

Intangible Assets

We amortize intangible assets with determined finite useful lives using the straight-line method. We do not amortize intangible assets with indefinite useful lives, but we evaluate these assets for impairment annually or at interim periods if events or circumstances indicate that the asset may be impaired.

Assets Held for Sale

We classify assets as Assets held for sale in the period in which certain criteria are met, including when the sale of the asset within one year is probable. Assets classified as Assets held for sale are no longer depreciated and are carried at the lower of carrying amount or expected selling price less estimated costs of disposition (fair value). We record a write-down when the carrying amounts of Assets held for sale exceed their fair value.

If we subsequently decide not to sell a long-lived asset (disposal group) classified in Assets held for sale, or if a long-lived asset (disposal group) no longer meets the Assets held for sale criteria, a long-lived asset (disposal group) is reclassified as Investments in lodging property, net, after taking into effect the required catch-up depreciation, in the period in which the Assets held for sale criteria are no longer met. A long-lived asset that is reclassified from Assets held for sale to Investments in lodging property, net is measured individually at the lower of either its:

i.) Carrying amount before it was classified as Assets held for sale, adjusted for any depreciation (amortization) expense or impairment losses that would have been recognized had the asset (group) been continuously classified as Investments in lodging property, net; or
ii.) Fair value at the date of the subsequent decision not to sell.

Variable Interest Entities

We consolidate variable interest entities (each a “VIE”) if we determine that we are the primary beneficiary of the entity. When evaluating the accounting for a VIE, we consider the purpose for which the VIE was created, the importance of each of the activities in which it is engaged and our decision-making role, if any, in those activities that significantly determine the entity’s economic performance relative to other economic interest holders. We determine our rights, if any, to receive benefits or the obligation to absorb losses that could potentially be significant to the VIE by considering the economic interest in the entity, regardless of form, which may include debt, equity, management and servicing fees, or other contractual arrangements. We consider other relevant factors including each entity’s capital structure, contractual rights to earnings or obligations for losses, subordination of our interests relative to those of other investors, contingent payments, and other contractual arrangements that may be economically significant.

Additionally, we have in the past and may in the future enter into purchase and sale transactions in accordance with Section 1031 of the Internal Revenue Code of 1986, as amended (“IRC”), for the exchange of like-kind property to defer taxable gains on the sale of real estate properties (“1031 Exchange”). For reverse transactions under a 1031 Exchange in which we purchase a new property prior to selling the property to be matched in the like-kind exchange (we refer to a new property being acquired by us in the 1031 Exchange prior to the sale of the related property as a “Parked Asset”), legal title to the Parked Asset is held by a qualified intermediary engaged to execute the 1031 Exchange until the sale transaction and the 1031 Exchange is completed. We retain essentially all of the legal and economic benefits and obligations related to a Parked Asset prior to completion of a 1031 Exchange. As such, a Parked Asset is included in our Consolidated Balance Sheets and Consolidated Statements of Operations as a consolidated VIE until legal title is transferred to us upon completion of the 1031 Exchange.

Cash and Cash Equivalents

We consider 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. We maintain our cash with high credit quality financial institutions.

Restricted Cash

Restricted cash generally 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 lender or other party requiring the restricted cash reserves.

Trade Receivables and Credit Policies

We grant credit to qualified customers, generally without collateral, in the form of trade accounts receivable. Trade receivables result from the rental of guestrooms and the sales of food, beverage, and banquet services and are payable under normal trade terms. Trade receivables also include credit and debit card transactions that are in the process of being settled. Trade receivables are stated at the amount billed to the customer and do not accrue interest. We regularly review the collectability of our trade receivables. A provision for losses is determined on the basis of previous loss experience and current economic conditions. Our allowance for doubtful accounts was $0.1 million at both December 31, 2024 and 2023. Bad debt expense was $0.3 million, $0.4 million and $0.3 million for the years ended December 31, 2024, 2023 and 2022, respectively.

Leases

In accordance with Accounting Standards Update ("ASU") No. 2016-02, *Leases (Topic 842)*, we record the financial liability and right-of-use assets that are inherent to leasing an asset on our Consolidated Balance Sheets for all leases with a term of greater than 12 months regardless of their classification.

Notes Receivables

We selectively provide mezzanine financing to developers, where we also have the opportunity to acquire the lodging property at or after the completion of the development project, and we also may provide seller financing in connection with a lodging property disposition under limited circumstances. We classify notes receivable as held-to-maturity and carry the notes receivable at cost less the unamortized discount, if any. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial asset to present the net carrying value at the amount expected to be collected on the financial asset. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. We routinely evaluate our notes receivable and interest receivables for collectability. Probable losses on notes receivable are recognized in a valuation account that is deducted from the amortized cost basis of the notes receivable and recorded as Provision for credit losses in our Consolidated Statements of Operations. When we place notes receivable on non-accrual status, we suspend the recognition of interest income until cash interest payments are received. Generally, we return notes receivable to accrual status when all delinquent interest becomes current, and collectability of interest is reasonably assured. We do not measure an allowance for credit losses for accrued interest receivable. Accrued interest receivable is written-off to bad debt expense when collection is not reasonably assured.

Deferred Charges, net

Initial franchise fees are capitalized and amortized over the term of the franchise agreement using the straight-line method.

Deferred Financing Fees

Debt issuance costs are generally capitalized based on the debt transaction and presented as a direct deduction from the carrying value of the debt liability on the Consolidated Balance Sheets. Debt issuance costs are amortized as a component of interest expense over the term of the related debt using the straight-line method, which approximates the interest method.

Non-controlling Interests

Non-controlling interests represent the portion of equity in a consolidated entity held by owners other than the consolidating parent. Non-controlling interests are reported in the Consolidated Balance Sheets within equity, separately from stockholders' equity. Revenue, expenses and net income attributable to both the Company and the non-controlling interests are reported in the Consolidated Statements of Operations.

Our Consolidated Financial Statements include non-controlling interests related to common units of limited partnership interests ("Common Units") in the Operating Partnership held by unaffiliated third parties and third-party ownership of our consolidated joint ventures.

Redeemable Non-controlling Interests

Redeemable non-controlling interests represent redeemable preferred units issued by our Operating Partnership ("Redeemable Preferred Units") in connection with the NCI Transaction (described in *Note 6 - Debt* to the Consolidated Financial Statements). The Redeemable Preferred Units are presented as temporary equity related to our Operating Partnership on our Consolidated Balance Sheets under the caption of Redeemable non-controlling Interests (see "*Note 9 - Equity*" for further information). We record Redeemable non-controlling interests at fair value on the issuance date of the securities. When the carrying value (the acquisition date fair value adjusted for the non-controlling interest's share of net income (loss) and dividends) is less than the redemption value, we adjust the redeemable non-controlling interest to equal the redemption value with changes recognized as an adjustment to Accumulated deficit and distributions in excess of retained earnings. Any such adjustment, when necessary, is recorded as of the applicable Consolidated Balance Sheet date.

Revenue Recognition

Revenues from the operation of our lodging properties are recognized when guestrooms are occupied, services have been rendered or fees have been earned. Revenues are recorded net of any discounts and sales and other taxes collected from customers. Revenues consist of room sales, food and beverage sales, and other lodging property revenues and are presented on a disaggregated basis on our Consolidated Statements of Operations.

Room revenue is generated through short-term contracts with customers whereby customers agree to pay a daily rate for the right to occupy lodging rooms for one or more nights. Our performance obligations are fulfilled at the end of each night that the customers have the right to occupy the rooms. Room revenues are recognized daily at the contracted room rate in effect for each room night.

Food and beverage revenues are generated when customers purchase food and beverage at a lodging property's restaurant, bar or other facilities. Our performance obligations are fulfilled at the time that food and beverage is purchased and provided to our customers.

Other revenues such as for parking, cancellation fees, meeting space or telephone services are recognized at the point in time or over the time period that the associated good or service is provided. Ancillary services such as parking at certain lodging properties are provided by third parties and we assess whether we are the principal or agent in such arrangements. If we are determined to be the agent, revenue is recognized based upon the commission paid to us by the third-party for the services rendered to our customers. If we are determined to be the principal, revenues are recognized based upon the gross contract price of the service provided. Certain of our lodging properties have retail spaces, restaurants or other spaces that we lease to third parties. Lease revenues are recognized on a straight- line basis over the respective lease terms and are included in Other income on our Consolidated Statements of Operations.

Cash received prior to customer arrival is recorded as an advance deposit from the customer and is recognized as revenue at the time of occupancy.

Government Grants

Government grants whose primary condition is for the purchase, construction or acquisition of long-term assets are accounted for in accordance with ASU No. 2021-10, *Government Assistance.* We record government grants in profit or loss on a systematic basis over the periods in which we recognize as expenses the related costs for which the grants are intended to compensate. Government grants related to assets are presented in our Consolidated Balance Sheets by deducting the grant in arriving at the carrying amount of the asset. Therefore, the grant is recognized in profit or loss over the life of the depreciable asset as a credit to depreciation expense.

Sales and Other Taxes

We have operations in states and municipalities that impose sales or other taxes on certain sales. We collect these taxes from our customers and remit the entire amount to the various governmental units. The taxes collected and remitted are excluded from revenues and are included in accrued expenses until remitted.

Equity-Based Compensation

Our 2024 Equity Incentive Plan, which became effective May 22, 2024, and previously, the 2011 Equity Incentive Plan (collectively, the “Equity Plan”), provides for the grant of stock options, stock appreciation rights, restricted stock, restricted stock units, dividend equivalent rights, and other stock-based awards. We account for time-based and performance-based stock awards using the grant date fair value of those equity awards. We have elected to account for forfeitures as they occur. Restricted stock awards with performance-based vesting conditions are market-based awards tied to total stockholder return and are valued using a Monte Carlo simulation model in accordance with Accounting Standards Codification (“ASC”) No. 718, *Compensation — Stock Compensation*. We expense the fair value of awards under the Equity Plan ratably over the vesting period and market-based awards are not adjusted for performance. The amount of stock-based compensation expense may be subject to adjustment in future periods due to forfeitures or modification of previously granted awards.

Exchange or Modification of Debt

We consider modifications or exchanges of debt as extinguishments in accordance with ASC No. 470, *Debt,* with gains or losses recognized in current earnings if the terms of the new debt and original instrument are substantially different. If the original and new debt instruments are substantially different, the original debt is derecognized and the new debt is initially recorded at fair value, with the difference recognized as an extinguishment gain or loss. Under an exchange or modification accounted for as a debt extinguishment, fees paid to the lenders are included in the gain or loss on extinguishment of debt. Costs incurred with third parties, such as legal fees, directly related to the exchange or modification are capitalized as deferred financing costs and amortized over the initial term of the new debt. Previously deferred fees and costs for existing debt are included in the calculation of gain or loss. Under an exchange or modification not accounted for as a debt extinguishment, fees paid to the lenders are reflected as additional debt discount and amortized as non-cash interest expense over the remaining initial term of the exchanged or modified debt. Furthermore, costs incurred with third parties, such as legal fees, directly related to the exchange or modification are expensed as incurred. Additionally, previously deferred fees and costs are amortized as non-cash interest expense over the remaining initial term of the exchanged or modified debt.

Derivative Financial Instruments and Hedging

All derivative financial instruments are recorded at fair value in our Consolidated Balance Sheets. We use interest rate derivatives to hedge our risks on variable-rate debt. Interest rate derivatives could include interest rate swaps, caps and collars. We assess the effectiveness of each hedging relationship by comparing changes in fair value or cash flows of the derivative financial instrument with the changes in fair value or cash flows of the designated hedged item or transaction. The change in the fair value of the hedging instruments is recorded in Other comprehensive income. Amounts in Other comprehensive income will be reclassified to Interest expense in our Consolidated Statements of Operations in the period in which the hedged item affects earnings.

We have adopted ASC No. 848, *Rate Reference Reform,* at December 31, 2022. Under ASC No. 848 we have elected to not reassess a previous accounting determination related to our derivative financial instruments. We have also made elections to not de-designate the hedging relationships with the change in critical terms. Finally, we made elections to not de-designate the hedging relationships due to changes in hedged instruments, hedged items or future forecasted hedged transactions.

Insurance Recoveries

Insurance recoveries from casualty losses are recorded when all contingencies are resolved. Proceeds from these insurable events are netted with the related costs and are recorded in Other income, net on our Consolidated Statements of Operations.

The Company may also be entitled to business interruption proceeds for losses occurred at certain properties. Business interruption insurance recoveries are recorded when a final agreed-upon settlement has been reached with the insurance carrier. During the year ended December 31, 2024, the Company recorded $1.2 million of business interruption recoveries, which is included as an offset to the related expenses recorded in Other lodging property expenses on our Consolidated Statements of Operations.

Income Taxes

We have elected to be taxed as a REIT under sections 856 through 859 of the IRC. 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, subject to certain adjustments and excluding any net capital gain. As a REIT, we generally will not be subject to federal income tax (other than taxes paid by our TRS Lessees at regular corporate income tax rates) to the extent we 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 be unable to re-elect REIT status until the fifth calendar year after the year in which we failed to qualify as a REIT, unless we qualify for certain relief provisions.

Substantially all of our assets are held by, and all of our operations are conducted through, our Operating Partnership or our subsidiary REITs. Partnerships are not subject to U.S. federal income taxes as revenues and expenses pass through to and are taxed on the owners. Generally, the states and cities where partnerships operate follow the U.S. federal income tax treatment. However, there are a limited number of local and state jurisdictions that tax the taxable income of the Operating Partnership. Accordingly, we provide for income taxes in these jurisdictions for the Operating Partnership.

Taxable income related to our TRSs are subject to federal, state and local income taxes at applicable tax rates. Our consolidated income tax provision includes the income tax provision related to the operations of the TRSs as well as state and local income taxes related to the Operating Partnership.

Where required, we account for federal and state income taxes using the asset and liability method. Deferred tax assets and liabilities are recognized for: i) the future tax consequences attributable to differences between carrying amounts of existing assets and liabilities based on GAAP and the respective carrying amounts for tax purposes, and ii) operating losses and tax-credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which 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 of the change in tax rates. However, deferred tax assets are recognized only to the extent that it is more likely than not they will be realized based on consideration of available evidence. Valuation allowances are provided if, based upon the weight of the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

We consider all available evidence, both positive and negative, to determine whether, based on the weight of that evidence, a valuation allowance for deferred tax assets is needed.

We perform a review of any uncertain tax positions and if necessary, will record expected future tax consequences of uncertain tax positions in the financial statements.

Fair Value Measurement

Fair value measures are classified into a three-tiered fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1:	Observable inputs such as quoted prices in active markets.
Level 2:	Directly or indirectly observable inputs, other than quoted prices in active markets.
Level 3:	Unobservable inputs in which there is little or no market information, which require a reporting entity to develop its own assumptions.

Assets and liabilities measured at fair value on a recurring basis are based on one or more of the following valuation techniques:

Market approach:	Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
Cost approach:	Amount required to replace the service capacity of an asset (replacement cost).
Income approach:	Techniques used to convert future amounts to a single amount based on market expectations (including present-value, option-pricing, and excess-earnings models).

Our estimates of fair value 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. We classify assets and liabilities in the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement.

We have elected a measurement alternative for equity investments, such as our purchase option, that do not have readily determinable fair values. Under the alternative, our purchase option is measured at cost, less any impairment, plus or minus changes resulting from observable price changes in orderly transactions for an identical or similar investment of the same issuer, if any.

Assets measured at fair value on a nonrecurring basis consist of lodging properties classified as Assets held for sale that are recorded at the lower of historical cost or fair value, which is the selling price less estimated costs to sell (Level 2).

Earnings Per Share

Basic earnings (loss) per share (“EPS”) is computed by dividing net income (loss) available to common stockholders by the weighted-average number of common shares outstanding for the period. We apply the two-class method of computing earnings (loss) per share, which requires the calculation of separate earnings (loss) per share amounts for participating securities. Any anti-dilutive securities are excluded from the basic per-share calculation. Diluted EPS is computed by dividing net income (loss) available to common stockholders, as adjusted for dilutive securities, by the weighted-average number of common shares outstanding plus dilutive securities. Any anti-dilutive securities are excluded from the diluted per-share calculation.

Segment Disclosure

ASC No. 280, *Segment Reporting*, establishes standards for reporting financial and descriptive information about an enterprise’s reportable segments. We have determined that we have one reportable segment for activities related to investing in lodging properties. An operating segment is defined as the component of an enterprise for which separate financial information is evaluated regularly by the chief operating decision maker (the "CODM") in order to allocate resources and assess performance. Our investments in lodging properties are geographically diversified and the CODM allocates resources and assesses performance based upon discrete financial information at the individual lodging property level. However, because each of our lodging properties have similar economic characteristics, facilities, and services, the lodging properties have been aggregated into a single reportable segment.

Use of Estimates

Our Consolidated Financial Statements are prepared in conformity with GAAP, which requires us to make estimates based on assumptions about current and, for some estimates, future economic and market conditions that affect reported amounts and related disclosures in our Consolidated Financial Statements. Although our current estimates contemplate current and expected future conditions, as applicable, it is reasonably possible that actual conditions could materially differ from our expectations, which could materially affect our consolidated financial position and results of operations.

New Accounting Standards

In December 2023, the Financial Accounting Standards Board ("FASB") issued ASU No. 2023-09, *Income Taxes (Topic 740)*. ASU No. 2023-09 provides for changes to the rate reconciliation and income taxes paid disclosures to improve the transparency of income tax disclosures by requiring (1) consistent categories and greater disaggregation of information in the rate reconciliation and (2) income taxes paid disaggregated by jurisdiction. ASU No. 2023-09 also improves the effectiveness and comparability of disclosures by (1) adding disclosures of pretax income (or loss) and income tax expense (or benefit) to be consistent with SEC Regulation S-X 210.4-08(h), *Rules of General Application—General Notes to Financial Statements: Income Tax Expense*, and (2) removing disclosures that no longer are considered cost beneficial or relevant. ASU 2023-09 is effective for annual periods beginning after December 15, 2024. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. The adoption of ASU 2023-09 will not have a material effect on our Consolidated Financial Statements.

In November 2024, the FASB issued ASU No. 2024-03, *Disaggregation of Income Statement Expenses*, that will require entities to provide enhanced disclosures related to certain expense categories included in income statement captions. ASU No, 2024-03 is intended to increase transparency and provide investors with more detailed information about the nature of expenses reported on the face of the consolidated statement of operations. ASU No. 2024-03 does not change the requirements for the presentation of expenses on the face of the consolidated statement of operations. Under ASU No. 2024-03, entities are required to disaggregate, in tabular format, expense captions presented on the face of the income statement - excluding earnings or losses from equity method investments - if they include any of the following expense categories: purchases of inventory, employee compensation, depreciation, intangible asset amortization, and depreciation or depletion. For any remaining items within each relevant expense caption, entities must provide a qualitative description of the nature of those expenses. ASU No. 2024-03 is effective for annual reporting periods beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. While the adoption of ASU 2024-03 is not expected to have an effect on our consolidated financial statements, it is expected to result in incremental disclosures within the footnotes to our Consolidated Financial Statements.

Reclassifications

A lodging property with a carrying amount of approximately $8.0 million that was classified as Assets held for sale at December 31, 2023 has been reclassified to Investments in lodging property, net during the year ended December 31, 2024 as the lodging property no longer meets the Assets held for sale criteria as of that date.

NOTE 3 — INVESTMENTS IN LODGING PROPERTY, NET

Investments in Lodging Property, net

Investments in lodging property, net at December 31, 2024 and 2023 include (in thousands):

	2024	2023
Lodging buildings and improvements	$ 2,867,256	$ 2,798,667
Land	415,149	375,413
Furniture, fixtures and equipment	296,476	269,682
Construction in progress	35,294	41,359
Intangible assets	32,267	39,954
Real estate development loan	4,576	4,176
	3,651,018	3,529,251
Less - accumulated depreciation and amortization	(904,678)	(792,276)
	$ 2,746,340	$ 2,736,975

Depreciation and amortization expense related to our lodging properties (excluding amortization of franchise fees) was $145.8 million, $150.3 million, and $149.5 million for the years ended December 31, 2024, 2023 and 2022, respectively.

During the year ended December 31, 2024, the GIC Joint Venture received a $9.9 million tax incentive payment from the City of Dallas related to the NCI Transaction. We recorded the payment as a reduction to the accounting basis of the related depreciable assets during the year ended December 31, 2024.

During the year ended December 31, 2024, the GIC Joint Venture recorded a loss on impairment related to a lodging property of $6.7 million to reduce the carrying amount of the property to its estimated fair value.

Lodging Property Acquisitions

Hampton Inn Boston-Logan Airport - Revere (Boston), MA and the Hilton Garden Inn Tysons Corner - Tysons Corner (Vienna), VA

In December 2024, the GIC Joint Venture acquired the Hampton Inn located in Revere (Boston), MA and the Hilton Garden Inn located in Tysons Corner (Vienna), VA containing an aggregate total of 399 guestrooms for an aggregate purchase price of $96.0 million and transaction costs of approximately $0.3 million. The purchase price was funded through a combination of a $2.9 million escrow deposit, capital contributions from our GIC Joint Venture partner totaling $21.5 million, $49.5 million of borrowings (net of deferred financing costs) on our expanded GIC Joint Venture Credit Facility (as defined below in *Note 6 - Debt*), and our capital contribution of $22.4 million from proceeds from the sale of the Four Points by Marriott San Francisco Airport, and cash on hand.

Residence Inn by Marriott - Scottsdale, AZ

In June 2023, the GIC Joint Venture acquired the Residence Inn by Marriott located in Scottsdale, AZ containing 120 guestrooms for a purchase price of approximately $29.0 million. GIC made a capital contribution of $13.7 million, or 49% of the cash paid at closing, to the GIC Joint Venture, and the Operating Partnership made a capital contribution of $14.3 million, or 51% of the cash paid at closing to the GIC Joint Venture, along with $1.0 million of earnest money that was paid from available cash of the GIC Joint Venture to fund the purchase price. The Operating Partnership made its capital contribution to the GIC Joint Venture with available cash on hand and borrowings on our revolving line of credit.

Nordic Lodge - Steamboat Springs, CO

In June 2023, the GIC Joint Venture acquired the Nordic Lodge located in Steamboat Springs, CO containing 47 guestrooms for a purchase price of approximately $13.7 million. GIC made a capital contribution of $6.7 million, or 49% of the purchase price, to the GIC Joint Venture and the Operating Partnership made a capital contribution of $7.0 million, or 51% of the purchase price, to the GIC Joint Venture to fund the purchase price. The Operating Partnership made its capital contribution to the GIC Joint Venture with available cash on hand and borrowings on our revolving line of credit.

Lodging property acquisitions during the years ended December 31, 2024 and 2023 were as follows (dollar amounts in thousands):

Date Acquired	Brand/Hotel Name	Location	Guestrooms	Purchase Price
2024 Acquisitions:				
December 2024	Hampton Inn and Hilton Garden Inn	Revere (Boston), MA; Tysons Corner (Vienna), VA	399	$ 96,000
2023 Acquisitions:				
June 2023	Residence Inn by Marriott	Scottsdale, AZ	120	$ 29,000
June 2023	Nordic Lodge	Steamboat Springs, CO	47	13,700
			167	$ 42,700

All of the acquisitions completed during the years ended December 31, 2024 and 2023 were recorded as asset acquisitions. As such, we allocated the aggregate purchase price paid for each transaction to the net assets acquired based on their relative fair values. In determining relative fair values, we made significant estimates regarding replacement costs for the buildings and furniture, fixtures and equipment, and judgments related to certain financial assumptions. Acquisition costs related to the transactions have been capitalized as part of the recorded amounts of the acquired net assets.

The allocation of the aggregate purchase prices and contingent consideration to the fair value of assets and liabilities acquired for the above acquisitions is as follows (in thousands):

	2024	2023
Land	$ 40,936	$ 12,258
Lodging buildings and improvements	51,891	29,225
Furniture, fixtures and equipment	3,502	1,331
Total assets acquired (1)	$ 96,329	$ 42,814

(1) Total assets acquired during the year ended December 31, 2024 is based on an aggregate purchase price of $96,000 plus transaction costs of $0.3 million.

Total assets acquired during the year ended December 31, 2023 is based on an aggregate purchase price of $42.7 million plus transaction costs of $0.1 million. Additionally, during the year ended December 31, 2023, we capitalized $2.0 million related to contingent consideration paid to the seller of the Onera property in Fredericksburg, TX. See *Note 10 - Non-controlling Interests and Redeemable Non-controlling Interests* for details related to the Onera Joint Venture.

Lodging Property Sales

The properties sold during the years ended December 31, 2024 and 2023 were as follows:

Four Points by Marriott San Francisco Airport

In October 2024, we completed the sale of the 101-guestroom Four Points by Marriott San Francisco Airport for $17.7 million, which resulted in a gain of approximately $0.4 million.

Portfolio of Two Lodging Properties - New Orleans, LA

In April 2024, we completed the sale of the 202-guestroom Courtyard by Marriott and the 208-guestroom SpringHill Suites by Marriott, both located in New Orleans, LA, for an aggregate selling price of $73.0 million, which resulted in a gain of approximately $28.3 million.

Hilton Garden Inn - Bryan (College Station), TX

In April 2024, the GIC Joint Venture completed the sale of the 119-guestroom Hilton Garden Inn - Bryan (College Station), TX for $11.0 million. The net selling price of the lodging property approximated its net book value on the closing date.

Hyatt Place - Dallas (Plano), TX

In February 2024, the GIC Joint Venture completed the sale of the 127-guestroom Hyatt Place Dallas (Plano), TX for $10.3 million. At December 31, 2023, we reclassified the property in Assets held for sale and recorded a write-down of $4.0 million to reduce the carrying amount of the lodging property to the selling price less estimated costs to sell. As such, the net selling proceeds approximated the net carrying amount of the Sale Portfolio at closing.

Hyatt Place - Baltimore (Owings Mills), MD

In December 2023, we completed the sale of the 123-guestroom Hyatt Place Baltimore/Owings Mills in Owings Mills, MD for a gross selling price of $8.3 million. The net selling price less costs to sell approximated the net book value of the property on the sale date resulting in a nominal gain that was recorded in the fourth quarter of 2023.

Portfolio of Four Lodging Properties

In May 2023, we completed the sale of four lodging properties (the "Sale Portfolio") for an aggregate gross selling price of $28.1 million as follows:

Franchise/Brand	Location	Guestrooms
Hilton Garden Inn	Minneapolis (Eden Prairie), MN	97
Holiday Inn Express & Suites	Minneapolis (Minnetonka), MN	93
Hyatt Place	Chicago (Hoffman Estates), IL	126
Hyatt Place	Chicago (Lombard/Oak Brook), IL	151
		467

At December 31, 2022, we classified the Sale Portfolio as Assets held for sale and recorded a write-down of $2.9 million to reduce the carrying amount of the net assets to the selling price less estimated costs to sell. As such, the net selling proceeds approximated the net carrying amount of the Sale Portfolio at closing.

Assets Held for Sale

Assets held for sale, net are as follows (in thousands):

	December 31,	
	2024	**2023**
Under Contract for Sale:		
Courtyard by Marriott and SpringHill Suites - New Orleans, LA	$ —	$ 43,504
Hilton Garden Inn - Bryan (College Station), TX	—	10,642
Hyatt Place - Dallas (Plano), TX	—	9,940
Parcel of undeveloped land - San Antonio, TX	1,225	1,225
	1,225	65,311
Marketed for Sale:		
Parcel of undeveloped land - Flagstaff, AZ	425	425
	$ 1,650	$ 65,736

During the first quarter of 2023, we entered into a purchase and sale agreement with a third-party to sell a 5.99-acre parcel of undeveloped land in San Antonio, TX for $1.3 million. The sale of the parcel of land closed in February 2025.

A lodging property with a carrying amount of approximately $8.0 million that was previously classified as Assets held for sale at December 31, 2023 has been reclassified at both December 31, 2024 and 2023 to Investments in lodging property, net as the lodging property no longer meets the Assets held for sale criteria.

Intangible Assets

Intangible assets included in Investments in Lodging Property, net in our Consolidated Balance Sheets include the following (in thousands):

	Weighted Average Amortization Period (in Years)	December 31, 2024	December 31, 2023
Indefinite-lived Intangible assets:			
Air rights	N/A	$ 10,754	$ 10,754
Other	N/A	80	80
		10,834	10,834
Finite-lived intangible assets:			
Tax incentives[(1)]	9.2	12,063	19,750
Key money[(1)]	17.8	9,370	9,370
		21,433	29,120
Total intangible assets		32,267	39,954
Less - accumulated amortization		(5,691)	(9,251)
Intangible assets, net		$ 26,576	$ 30,703

(1) Finite-lived intangible assets were primarily acquired in the NCI Transaction.

We recorded amortization expense related to intangible assets of approximately $3.3 million and $4.1 million for the years ended December 31, 2024 and 2023, respectively. There was no amortization expense related to intangible assets for the year ended December 31, 2022.

Future amortization expense related to intangible assets is as follows (in thousands):

For the Year Ended December 31,	Amount
2025	$ 1,564
2026	1,564
2027	1,511
2028	1,016
2029	1,016
Thereafter	9,071
	$ 15,742

NOTE 4 — INVESTMENT IN REAL ESTATE LOANS

Real Estate Development Loans

Onera Mezzanine Financing Loan

In January 2023, we entered into an agreement with affiliates of Onera Opportunity Fund I, LP ("Onera") to provide a mezzanine financing loan of $4.6 million (the "Onera Mezzanine Loan") for the development of a glamping property. The Onera Mezzanine Loan is secured by a second mortgage on the property and is subordinate to the senior lender for the development project. As of December 31, 2024, we have funded our entire $4.6 million commitment under the mezzanine financing loan. The loan matures 24 months from the closing date of the transaction and may be extended for an additional 12 months at the borrower's option. The borrower has exercised its option to extend the Onera Mezzanine Loan for an additional 12 months. The development of the property was completed and operations commenced in September 2024.

Additionally, we issued a $3.0 million letter of credit to the senior lender of the project as additional support for Onera's construction loan. We have not recorded a liability for this guarantee as we believe the likelihood of having to make any payment under this guarantee is unlikely. In the event that we fund any amount under this guarantee, we would have the right to recover any amount paid under the guarantee from Onera.

We also have an option to purchase 90% of the equity of the entity that owns the development property that became exercisable upon completion of construction in September 2024 (the "Onera Purchase Option"). The Onera Purchase Option is exercisable until the later of the first anniversary of the opening of the property or the date the Onera Mezzanine Loan is paid in full.

We recorded the estimated fair value of the Onera Purchase Option in Other assets and as a contra-asset to Investments in lodging property, net at its estimated fair value of $0.9 million on the transaction date using the Black-Scholes model. Our estimate of the fair value of the Onera Purchase Option under the Black-Scholes model requires judgment and estimates primarily related to the volatility of our stock price and expected levels of future dividends on our common stock.

The recorded amount of the Onera Purchase Option was amortized as non-cash interest income beginning in January 2023 using the straight-line method, which approximates the interest method, and through September 2024 when the Onera Purchase Option became exercisable. We amortized $0.4 million and $0.5 million of the carrying amount of the Onera Purchase Option as non-cash interest income for each of the years ended December 31, 2024 and 2023, respectively.

Seller-Financed Loans

During the year ended December 31, 2022, we received $0.6 million from the borrower of two seller-financed loans with a combined original principal of $3.6 million to repay one of the two loans in full and $0.5 million of principal payments on the remaining loan. The loans were fully reserved when the payments were received. As such, we recorded Recoveries of credit losses of $1.1 million during the year ended December 31, 2022. During the year ended December 31, 2023, we received $1.5 million from the borrower to repay approximately $0.3 million of accrued and unpaid interest and the outstanding principal balance of the remaining loan. As a result, we recorded Recoveries of credit losses of $1.2 million during the year ended December 31, 2023 related to the repayment in full of the seller-financing loan.

NOTE 5 — SUPPLEMENTAL BALANCE SHEET INFORMATION

Restricted Cash

Restricted cash was as follows (in thousands):

	December 31,	
	2024	2023
FF&E reserves	$ 7,357	$ 9,583
Property taxes and other	364	348
	$ 7,721	$ 9,931

The Company maintains reserve funds for property taxes, insurance, capital expenditures and replacement or refurbishment of furniture, fixtures and equipment at some of our lodging properties in accordance with management, franchise or mortgage loan agreements. These agreements generally require us to reserve cash ranging from 2% to 5% of the revenues of the individual lodging property in restricted cash escrow accounts. Any unused restricted cash balances revert to us upon the termination of the underlying agreement or may be released to us from the restricted cash escrow accounts upon proof of expenditures and approval from the lender or other party requiring the restricted cash reserves.

Prepaid Expenses and Other

Prepaid expenses and other included the following (in thousands):

	December 31,	
	2024	2023
Deferred acquisition costs	$ —	$ 199
Prepaid insurance	2,112	1,945
Prepaid taxes	2,403	3,109
Insurance receivable	1,159	—
Other	3,906	3,612
	$ 9,580	$ 8,865

Deferred Charges

Deferred charges were as follows (in thousands):

	December 31,	
	2024	2023
Franchise fees	$ 10,619	$ 10,106
Less - accumulated amortization	(4,159)	(3,447)
	$ 6,460	$ 6,659

Amortization expense for the years ended December 31, 2024, 2023, and 2022 was $0.7 million, $0.6 million and $0.7 million, respectively.

Other Assets

Other assets included the following (in thousands):

	December 31,	
	2024	2023
Derivative financial instrument	$ 11,573	$ 13,958
Purchase option related to real estate loan	931	931
Deferred tax asset, net (1)	11,295	20
Other	492	723
	$ 24,291	$ 15,632

(1) The change in the Deferred tax asset, net from December 31, 2023 to December 31, 2024 is the result of the reversal of the majority of the valuation allowance recorded against our deferred tax assets based on our determination in the current year that it is probable that we will realize the carrying amount of a large portion of our deferred tax assets. During the year ended December 31, 2024, we recorded a reversal of the valuation allowance of $12.1 million, offset by an $0.8 million change in deferred tax assets for the period, resulting in a net change in our deferred tax assets of $11.3 million.

Accrued Expenses and Other

Accrued expenses and other included the following (in thousands):

	December 31,	
	2024	2023
Accrued property, sales and income taxes	$ 26,568	$ 26,590
Accrued salaries and benefits	14,254	13,307
Other accrued expenses at lodging properties	25,904	26,745
Accrued renovation costs	4,805	1,847
Advance room deposits	6,847	6,301
Accrued interest	3,266	6,136
Other	509	289
	$ 82,153	$ 81,215

NOTE 6 — DEBT

At December 31, 2024, our indebtedness was comprised of borrowings under our 2023 Senior Credit Facility (as defined below), the 2024 Term Loan (as defined below), the GIC Joint Venture Credit Facility (as defined below), the GIC Joint Venture Term Loan (as defined below), the PACE Loan (as defined below), the Convertible Notes (as defined below), and two loans secured by first priority mortgage liens on three lodging properties. The weighted average interest rate, after giving effect to our interest rate derivatives, for all borrowings was 5.01% and 5.31% at December 31, 2024 and 2023, respectively. We are in compliance with all financial covenants in the loan agreements.

$600 Million Senior Credit and Term Loan Facility

In June 2023, the Operating Partnership, as borrower, the Company, as parent guarantor, and each party executing the loan documentation as a subsidiary guarantor, entered into an amended and restated $600.0 million senior credit facility (the “2023 Senior Credit Facility”) with Bank of America, N.A., as successor administrative agent, and a syndicate of lenders. The 2023 Senior Credit Facility is comprised of a $400.0 million revolver (the "$400 Million Revolver") and a $200.0 million term loan facility (the “$200 Million Term Loan”). The 2023 Senior Credit Facility has an accordion feature which allows the Company to increase the total commitments by an aggregate of up to $300.0 million.

The $400 Million Revolver has a maturity date of June 2027, which may be extended by the Company for up to two consecutive six-month periods, subject to certain conditions, and the $200 Term Loan has a maturity date of June 2026, which may be extended by the Company for up to two consecutive 12-month periods, subject to certain conditions. At December 31, 2024, the $200 Million Term Loan was fully funded, and we had $10.0 million in borrowings on our $400 Million Revolver. Borrowings under the 2023 Senior Credit Facility are limited by the value of the Unencumbered Assets.

The 2023 Senior Credit Facility bears interest at the Secured Overnight Financing Rate ("SOFR"). The interest rate on the $400 Million Revolver is based on the higher of (i) a pricing grid ranging from 140 basis points to 240 basis points plus Adjusted Daily SOFR or Adjusted Term SOFR, depending on the Company's leverage ratio (as defined in the loan documents); and (ii) a pricing grid ranging from 40 basis points to 140 basis points over the Base Rate, depending on the Company's leverage ratio (as defined in the loan documents).

The interest rate on the $200 Million Term Loan pursuant to the 2023 Senior Credit Facility is based on the higher of (i) a pricing grid ranging from 135 basis points to 235 basis points plus Adjusted Daily SOFR or Adjusted Term SOFR, depending on the Company's leverage ratio (as defined in the loan documents); and (ii) a pricing grid ranging from 35 basis points to 135 basis points over the Base Rate, depending on the Company's leverage ratio (as defined in the loan documents).

Term SOFR will be available for one, three and six-month interest periods. The Base Rate is a fluctuating rate of interest per annum equal to the highest of (a) the Federal Funds Rate plus 0.50%, (b) the rate of interest in effect for such day as publicly announced by Bank of America as its "prime rate," (c) SOFR published on such day on the Federal Reserve Bank of New York's website (or any successor source) plus 1.00% and (d) 1.00%. For purposes of the 2023 Senior Credit Facility, SOFR is subject to a floor of zero basis points.

We are also required to pay an unused fee ("Unused Fee") on the undrawn portion of the $400 Million Revolver. The Unused Fee shall be calculated on a daily basis on the unused amount of the $400 Million Revolver multiplied by (i) 0.25% per annum in the event that Revolver usage is greater than 50%, and (ii) 0.20% per annum in the event that Revolver usage is equal to or less than 50%. The Unused Fee is payable quarterly in arrears and on the final maturity date of the $400 Million Revolver.

Amendment to the 2023 Senior Credit Facility

In September 2024, we executed an amendment to the 2023 Senior Credit Facility. Under the amendment, we may elect at our sole discretion that the Unsecured Leverage Ratio (as defined in the loan documents) may exceed 60% but shall in no event exceed 65% for such fiscal quarter and the next three succeeding fiscal quarters (the "Unsecured Leverage Increase Period"). Once this one-time right has been exercised and after the Unsecured Leverage Increase Period expires, the 2023 Senior Credit Facility will revert back to the prior Unsecured Leverage Ratio pursuant to which the credit availability under the 2023 Senior Credit Facility will be limited to the 60% Unsecured Leverage Ratio for the remainder of the term of the 2023 Senior Credit Facility. We have not yet made the election under the amendment.

Term Loans

2024 Term Loan

In February 2024, our Operating Partnership, as borrower, the Company, as parent guarantor, and each party executing the term loan documentation as a subsidiary guarantor, entered into a $200.0 million senior unsecured term loan financing (the "2024 Term Loan") with Regions Bank. Proceeds from the 2024 Term Loan financing and advances on our $400 Million Revolver were used to repay in full the Company's $225 million term loan that was scheduled to mature in February 2025. The 2024 Term Loan has substantially the same terms as the refinanced $225 million term loan, with the lender group remaining consistent for both loans.

The 2024 Term Loan has an initial maturity date of February 2027 and can be extended for two 12-month periods by the Company, subject to certain conditions. At December 31, 2024, the 2024 Term Loan was fully funded.

We pay interest on advances at varying rates, based upon, at our option, either (i) daily, 1-, 3-, or 6-month SOFR (subject to a floor of zero basis points), plus a SOFR adjustment equal to 10 basis points and an applicable margin between 135 and 235 basis points, depending upon our leverage ratio (as defined in the loan documents). We are required to pay other fees, including arrangement and administrative fees.

We are required to comply with various financial and other covenants to maintain borrowings under the 2024 Term Loan.

Amendment to 2024 Term Loan

In September 2024, we executed an amendment to the 2024 Term Loan. Under the amendment, we may elect at our sole discretion that the Unsecured Term Loan Leverage Ratio (as defined in the loan documents) may exceed 60% but shall in no event exceed 65% for such fiscal quarter and the next three succeeding fiscal quarters (the "Unsecured Term Loan Leverage Increase Period"). Once this one-time right has been exercised and after the Unsecured Term Loan Leverage Increase Period expires, the 2024 Term Loan will revert back to the prior Unsecured Term Loan Leverage Ratio pursuant to which the credit availability under the 2024 Term Loan will be limited to the 60% Unsecured Term Loan Leverage Ratio for the remainder of the term of the 2024 Term Loan. We have not yet made the election under the amendment.

Borrowings under the 2023 Senior Credit Facility and the 2024 Term Loan are limited by the value of the Unencumbered Assets.

Convertible Senior Notes and Capped Call Options

In January 2021, we entered into an underwriting agreement (the "Convertible Notes Offering") pursuant to which the Company agreed to offer and sell $287.5 million aggregate principal amount of 1.50% convertible senior notes due 2026 (the "Convertible Notes"). The net proceeds from the Convertible Notes Offering, after deducting underwriting discounts and commissions and offering expenses payable by the Company (including net proceeds from the full exercise by the underwriters of their over-allotment option to purchase additional Convertible Notes), were approximately $280.0 million before consideration of the Capped Call Transactions (as described below). These proceeds were used to pay the cost of the Capped Call Transactions and to partially repay outstanding obligations under the Company's prior senior credit facility and a $62.0 million term loan.

The Convertible Notes bear interest at a rate of 1.50% per year, payable semi-annually in arrears on February 15 and August 15 of each year, beginning on August 15, 2021. The Convertible Notes will mature on February 15, 2026 (the "Maturity Date"), unless earlier converted, purchased or redeemed. Prior to August 15, 2025, the Convertible Notes will be convertible only upon certain circumstances and during certain periods. On or after August 15, 2025 and through the Maturity Date, holders may convert any of their Convertible Notes into shares of the Company's common stock, at the applicable conversion rate at any time prior to the close of business on the second scheduled trading day prior to the Maturity Date, unless the Convertible Notes have been previously purchased or redeemed by the Company. During each of the years ended December 31, 2024, 2023 and 2022, the Company recorded coupon interest expense of $4.3 million and amortized $1.5 million of the $7.6 million debt issuance costs related to the Convertible Notes Offering during each of the years ended December 31, 2024, 2023, and 2022. Including the amortization of the debt issuance costs, the current effective interest rate on the Convertible Notes is approximately 2.02%. The unamortized discount related to the Convertible Notes was $1.7 million and $3.2 million at December 31, 2024 and 2023, respectively.

The initial conversion rate of the Convertible Notes is 83.4028 shares of common stock per $1,000 principal amount of Convertible Notes, which is equivalent to an initial conversion price of $11.99 per share of common stock based on the 37.5% base conversion premium on the reference price of $8.72 per share. In no event will the conversion rate exceed 114.6788 shares of common stock per $1,000 principal amount of Convertible Notes, subject to certain adjustments defined in the Convertible Notes Offering. Commensurate with the declaration of dividends on our common stock and Common Units during the years ended December 31, 2024, 2023, and 2022 the conversion rate of the Convertible Notes was adjusted to 91.36 shares of common stock per $1,000 principal amount of Convertible Notes at December 31, 2024.

In January 2021, in connection with the pricing of the Convertible Notes and the full exercise by the Underwriters of their option to purchase additional Convertible Notes pursuant to the Underwriting Agreement, the Company entered into privately negotiated capped call transactions (the "Capped Call Transactions") with certain of the underwriters or their respective affiliates and another financial institution (the "Capped Call Counterparties"). The Capped Call Transactions initially cover, subject to anti-dilution adjustments substantially similar to those applicable to the Convertible Notes, the number of shares of common stock underlying the Convertible Notes. The Capped Call Transactions are generally expected to reduce the potential dilution to holders of shares of common stock upon conversion of the Convertible Notes or offset the potential cash payments that the Company could be required to make in excess of the principal amount of any converted Convertible Notes upon conversion thereof, with such reduction or offset subject to a cap.

The effective strike price of the Capped Call Transactions is initially $15.26, which represents a premium of 75.0% over the last reported sale price of the common stock on the New York Stock Exchange on January 7, 2021, and is subject to certain adjustments under the terms of the Capped Call transactions. The strike price was $13.93 at December 31, 2024 due to the adjustments related to the dividends paid during the years ended December 31, 2024, 2023, and 2022.

MetaBank and Other Mortgage Loans

In June 2017, Summit Meta 2017, LLC, a subsidiary of our Operating Partnership, entered into a $47.6 million secured, non-recourse loan with MetaBank (the "MetaBank Loan"). In June 2024, the outstanding balance of the loan was $42.3 million at which time we repaid the MetaBank Loan for $39.1 million prior to its scheduled maturity date, which represented a discount of $3.2 million and resulted in a gain on extinguishment of debt of $3.0 million after legal fees and unamortized debt issuance costs that were written-off on the closing date. As a result of this repayment, the three lodging properties previously held as collateral for the MetaBank Loan were released.

In May 2024, we repaid the outstanding principal of the Bank of the Cascades loan that was scheduled to mature in December 2024 with no prepayment penalty. This repayment resulted in the release of the lodging property that was pledged as collateral for this mortgage loan.

GIC Joint Venture Credit Facility

In October 2019, Summit JV MR 1, LLC (the "Borrower"), as borrower, and Summit Hospitality JV, LP (the "Parent" or "GIC Joint Venture"), as parent of the Borrower, and each party executing the credit facility documentation as a subsidiary guarantor, entered into a credit facility (the "GIC Joint Venture Credit Facility") with Bank of America, N.A., as administrative agent and sole initial lender, and BofA Securities, Inc., as sole lead arranger and sole bookrunner. The Operating Partnership and the Company are not borrowers or guarantors of the GIC Joint Venture Credit Facility. The GIC Joint Venture Credit Facility is guaranteed by all of the Borrower's existing and future subsidiaries, subject to certain exceptions.

The GIC Joint Venture Credit Facility is currently comprised of a $125.0 million revolving credit facility (the "$125 Million Revolver") and, after giving effect to a December 2024 increase to the term loan, a $125.0 million term loan (the "$125 Million Term Loan"). The GIC Joint Venture Credit Facility has an accordion feature which allows the GIC Joint Venture to further increase the total commitments for aggregate potential borrowings of up to $500.0 million. The December 2024 increase to the $125 Million Term Loan funded a portion of the purchase price for the acquisition of two lodging properties (see *Note 3 - Investments in Lodging Property, net*).

At December 31, 2024, the GIC Joint Venture had $125.0 million outstanding under the $125 Million Revolver. The $125 Million Revolver and the $125 Million Term Loan have an initial maturity date of September 2027 and can be extended for a single 12-month period at the option of the GIC Joint Venture, subject to certain conditions. As such, the $125 Million Revolver and the $125 Million Term Loan have a fully extended maturity date of September 2028.

The interest rate on the $125 Million Revolver is based on the higher of (i) Daily SOFR or Term SOFR (1-month or 3-month), plus a SOFR adjustment of 0.10%, plus a margin of 2.15%, or, (ii) the applicable base rate, which is the greatest of the administrative agent's prime rate, the federal funds rate plus 0.50%, and 1-month Term SOFR plus 1.00%, plus a base rate margin of 1.15%.

The interest rate on the $125 Million Term Loan is five basis points less than the interest rate on the $125 Million Revolver referenced above.

In addition, on a quarterly basis, the GIC Joint Venture will be required to pay a fee on the unused portion of the GIC Joint Venture Credit Facility equal to the unused amount multiplied by an annual rate of 0.25% of the average unused amount of the GIC Joint Venture Credit Facility. The GIC Joint Venture will also be required to pay other fees, including customary arrangement and administrative fees.

Borrowing Base Assets. The GIC Joint Venture Credit Facility is secured primarily by a first priority pledge of the Borrower's equity interests in the subsidiaries that hold 15 lodging properties financed by the facility, and the related TRS entities, which wholly own the TRS Lessees that lease each of the borrowing base assets. There are currently 15 lodging properties deemed borrowing base assets.

GIC Joint Venture Term Loan

In January and March 2022, the Operating Partnership and the GIC Joint Venture closed on a transaction with NewcrestImage Holdings, LLC, a Delaware limited liability company, and NewcrestImage Holdings II, LLC, a Delaware limited liability company (together, "NewcrestImage"), to acquire a portfolio of 27 lodging properties, two parking structures, and various financial incentives (the "NCI Transaction"). In connection with the NCI Transaction, in January 2022, Summit JV MR 2, LLC, Summit JV MR 3, LLC and Summit NCI NOLA BR 184, LLC (each of which is a subsidiary of the GIC Joint Venture, and are collectively, the "JV Borrowers"), the GIC Joint Venture, as parent guarantor, and each party executing the credit facility documentation as a subsidiary guarantor, entered into a senior secured term loan facility (the "GIC Joint Venture Term Loan") with Bank of America, N.A., as administrative agent and initial lender, Wells Fargo Bank, National Association, as syndication agent and an initial lender, and BofA Securities, Inc. and Wells Fargo Securities, LLC, as joint lead arrangers and joint bookrunners.

Neither the Operating Partnership nor the Company are borrowers or guarantors of the GIC Joint Venture Term Loan. The GIC Joint Venture Term Loan is guaranteed by the GIC Joint Venture and all of the JV Borrowers' existing and future subsidiaries, subject to certain exceptions.

The GIC Joint Venture Term Loan currently provides for a $410.0 million term loan and has an accordion feature which permits an increase in the total commitments, for aggregate potential borrowings of up to $600.0 million.

The GIC Joint Venture Term Loan will mature in January 2026 and can be extended for a single 12-month period at the option of the GIC Joint Venture, subject to certain conditions. As such, the GIC Joint Venture Term Loan has a fully extended maturity date of January 2027. In February 2023, the GIC Joint Venture entered into an amendment to the GIC Joint Venture Term Loan to amend certain definitions, revise the minimum borrowing base interest coverage ratio and make certain other changes.

As of December 31, 2024, we had $396.0 million outstanding on the GIC Joint Venture Term Loan bearing interest at a floating rate of SOFR plus 2.75%. The interest rate at December 31, 2024 was 7.22%.

Borrowing Base Assets. The GIC Joint Venture Term Loan is secured primarily by a first priority pledge of the JV Borrowers' equity interests in the subsidiaries that hold a direct or indirect interest in the 25 lodging properties and two parking facilities purchased in the NCI Transaction that constitute borrowing base assets. The GIC Joint Venture Term Loan contains terms, conditions and covenants typical for similar credit facilities.

PACE Loan

As part of the NCI Transaction, a subsidiary of the GIC Joint Venture assumed a Property Assessed Clean Energy ("PACE") loan of approximately $6.5 million. The loan bears fixed interest at 6.10%, has an amortization period of 20 years, and matures on July 31, 2040. The PACE loan is secured by an assessment lien imposed by the County of Tarrant, Texas for the benefit of the lender. At December 31, 2024, the outstanding balance of the PACE loan is $5.9 million.

Brickell Mortgage Loan

In June 2022, the Company entered into a joint venture (the "Brickell Joint Venture") with C-F Brickell, LLC, a Delaware limited liability company that was the developer of the AC/Element Hotel ("C-F Brickell"), to facilitate the exercise of the Initial Purchase Option to acquire a 90% equity interest in the Brickell Joint Venture, which owned a 100% interest in the AC/Element Hotel. In June 2022, the Brickell Joint Venture entered into a $47.0 million mortgage loan and non-recourse guaranty with City National Bank of Florida to finance the dual-branded AC/Element Hotel. The City National Bank Loan provides for an interest rate equal to one-month term SOFR plus 300 basis points. Payment terms include an interest-only period through June 30, 2024 and the loan will amortize based on a 25-year schedule from July 1, 2024 through the maturity date of June, 2025. The City National Bank Loan is prepayable at any time without penalty. At December 31, 2024, the outstanding balance of the Brickell Mortgage Loan is $46.1 million.

At December 31, 2024 and 2023 our outstanding indebtedness was as follows (dollar amounts in thousands):

Lender	Reference	Interest Rate	Amortization Period (Years)	Initial Maturity Date	Fully Extended Maturity Date	Number of Properties Encumbered	December 31, 2024	December 31, 2023
OPERATING PARTNERSHIP DEBT:								
2023 Senior Credit Facility								
Bank of America, NA								
$400 Million Revolver	(1)	6.33% Variable	n/a	6/21/2027	6/21/2028	n/a	$ 10,000	$ —
$200 Million Term Loan	(1)	6.16% Variable	n/a	6/21/2026	6/21/2028	n/a	200,000	200,000
Total Senior Credit and Term Loan Facility							210,000	200,000
Term Loans								
KeyBank National Association Term Loan	(2)	n/a	n/a	2/14/2025	2/14/2025	n/a	—	225,000
Regions Bank 2024 Term Loan Facility	(1)	6.37% Variable	n/a	2/26/2027	2/26/2029	n/a	200,000	—
							200,000	225,000
Convertible Notes		1.50% Fixed	n/a	2/15/2026	2/15/2026	n/a	287,500	287,500
Secured Mortgage Indebtedness								
MetaBank	(2)	n/a	25	7/1/2027	7/1/2027	n/a	—	42,611
Bank of the Cascades	(2)	n/a	25	12/19/2024	12/19/2024	n/a	—	7,425
	(2)	n/a	25	12/19/2024	12/19/2024	n/a	—	7,425
Total Mortgage Loans						—	—	57,461
Total Operating Partnership Debt						—	697,500	769,961
JOINT VENTURE DEBT:								
Brickell Joint Venture Mortgage Loan								
City National Bank of Florida		7.45% Variable	25	6/9/2025	6/9/2025	2	46,060	47,000
GIC Joint Venture Credit Facility and Term Loans								
Bank of America, N.A.								
$125 Million Revolver	(3)	6.61% Variable	n/a	9/15/2027	9/15/2028	n/a	125,000	125,000
$125 Million Term Loan	(3)	6.56% Variable	n/a	9/15/2027	9/15/2028	n/a	125,000	75,000
Bank of America, N.A.	(4)	7.22% Variable	n/a	1/13/2026	1/13/2027	n/a	396,037	410,000
Wells Fargo		4.99% Fixed	30	6/6/2028	6/6/2028	1	12,526	12,785
PACE loan		6.10% Fixed	20	7/31/2040	7/31/2040	n/a	5,884	6,093
Total GIC Joint Venture Credit Facility and Term Loans						1	664,447	628,878
Total Joint Venture Debt						3	710,507	675,878
Total Debt						3	1,408,007	1,445,839
Unamortized debt issuance costs							(11,297)	(15,171)
Debt, net of issuance costs							$ 1,396,710	$ 1,430,668

(1) The 2023 Senior Credit Facility and the Regions Bank 2024 Term Loan Facility are supported by a borrowing base of 53 unencumbered hotel properties.

(2) The KeyBank Term Loan was paid off with proceeds from the Regions Bank 2024 Term Loan. The Regions Bank 2024 Term Loan has substantially the same terms as the KeyBank Term Loan, with the lender group remaining consistent for both loans. The MetaBank loan was paid off in June 2024. The Bank of the Cascades mortgage loan was comprised of two promissory notes which were repaid in May 2024.

(3) The $125 Million Revolver and the $125 Million Term Loan are secured by pledges of the equity in the entities and affiliated entities that own 15 lodging properties.

(4) The GIC Joint Venture Term Loan with Bank of America, N.A. is secured by pledges of the equity in the entities and affiliated entities that own 25 lodging properties and two parking garages.

Our total fixed-rate and variable-rate debt at December 31, 2024 and 2023, after giving effect to our interest rate derivatives, is as follows (dollar amounts in thousands):

	2024	Percentage	2023	Percentage
Fixed-rate debt(1)	$ 930,910	66 %	$ 956,414	66 %
Variable-rate debt	477,097	34 %	489,425	34 %
	$ 1,408,007		$ 1,445,839	

(1) At December 31, 2024, debt related to our wholly owned properties coupled with our pro rata share of joint venture debt results in a fixed-rate debt ratio of approximately 72% of our total pro rata indebtedness when including the effect of interest rate swaps. See *"Note 8 - Derivative Financial Instruments and Hedging."*

Contractual principal payments, taking into consideration our maturity date extension options, at December 31, 2024, for each of the next five years are as follows (in thousands):

For the Year Ended December 31,	Amount
2025	$ 46,563
2026	288,032
2027	396,599
2028	471,937
2029	200,293
Thereafter	4,583
	$ 1,408,007

Information about the fair value of our fixed-rate debt that is not recorded at fair value is as follows (in thousands):

	2024		2023		
	Carrying Value	Fair Value	Carrying Value	Fair Value	Valuation Technique
Convertible notes	$ 287,500	$ 278,766	$ 287,500	$ 256,141	Level 1 - Market approach
Mortgage loans	18,410	17,344	68,915	60,883	Level 2 - Market approach
	$ 305,910	$ 296,110	$ 356,415	$ 317,024	

At December 31, 2024 and 2023, we had $625.0 million and $600.0 million of debt with variable interest rates that had been converted to fixed interest rates through derivative financial instruments which are carried at fair value. Differences between carrying value and fair value of our fixed-rate debt are primarily due to changes in interest rates. Inherently, fixed-rate debt is subject to fluctuations in fair value as a result of changes in the current market rate of interest on the valuation date.

For additional information on our use of derivatives as interest rate hedges, see "*Note 8 – Derivative Financial Instruments and Hedging*."

NOTE 7 — LEASES

The Company has operating leases related to the land under certain lodging properties, conference centers, parking spaces, automobiles, our corporate office and other miscellaneous office equipment. These leases have remaining terms of one year to 73.5 years, some of which include options to extend the leases for additional years. The exercise of lease renewal options is at our sole discretion. Certain leases also include options to purchase the leased property. Leases with an initial term of 12 months or less are not recorded on the balance sheet; we recognize rental expense for these leases on a straight-line basis over the lease term.

Certain of our lease agreements include rental payments based on a percentage of revenue over contractual levels and others include rental payments adjusted periodically for inflation. Our lease agreements do not contain any material residual value guarantees or restrictive covenants that materially affect our business. In addition, we rent or sublease certain owned real estate to third parties. During the years ended December 31, 2024, 2023, and 2022, we recorded gross third-party tenant income of $2.7 million, $2.6 million, and $2.6 million, respectively, which were recorded in Other income, net in the Consolidated Statements of Operations.

Our right-of-use assets and related liabilities include renewal options reasonably certain to be exercised. We base our lease calculations on our estimated incremental borrowing rate. As of December 31, 2024 and 2023 our weighted average incremental borrowing rate was 4.8%.

During the years ended December 31, 2024, 2023, and 2022, the Company's total operating lease cost was $4.5 million, $4.6 million, and $4.1 million, respectively, and the operating cash outflows from operating leases was $4.0 million, $4.0 million, and $3.7 million, respectively. As of December 31, 2024 and 2023, the weighted average operating lease term was 31.8 and 32.2 years, respectively.

Operating lease maturities as of December 31, 2024 are as follows (in thousands):

For the Year Ended December 31,		Amount
2025	$	2,331
2026		2,286
2027		2,328
2028		2,123
2029		2,015
Thereafter		33,802
Total lease payments (1)		44,885
Less interest		(20,014)
Total	$	24,871

(1) Certain payments above include future increases to the minimum fixed rent based on the Consumer Price Index in effect at the initial measurement of the lease balances.

NOTE 8 — DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

We are exposed to interest rate risk through our variable-rate debt. We manage this risk primarily by managing the amount, sources, and duration of our debt funding and through the use of derivative financial instruments. Specifically, we enter into derivative financial instruments to manage our exposure to known or expected cash payments related to our variable-rate debt. The maximum length of time over which we have hedged our exposure to variable interest rates with our existing derivative financial instruments is approximately seven years.

Our objectives in using derivative financial instruments are to add stability to interest expense and to manage our exposure to interest rate movements. To accomplish these objectives, we primarily use interest rate swaps as part of our interest rate risk management strategy. Our interest rate swaps are designated as cash flow hedges and involve the receipt of variable-rate payments from a counterparty in exchange for making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.

Our agreements with our derivative counterparties contain provisions such that if we default, or can be declared in default, on any of our indebtedness, then we could also be declared in default on our derivative financial instruments.

Information about our derivative financial instruments at December 31, 2024 and 2023 is as follows (dollar amounts in thousands):

Contract Date	Effective Date	Expiration Date	Average Annual Effective Fixed Rate	Notional Amount December 31, 2024	Notional Amount December 31, 2023	Fair Value December 31, 2024	Fair Value December 31, 2023
Operating Partnership:							
June 11, 2018	September 28, 2018	September 30, 2024	2.86 %	$ —	$ 75,000	$ —	$ 1,170
June 11, 2018	December 31, 2018	December 31, 2025	2.92 %	125,000	125,000	1,582	2,877
July 26, 2022	January 31, 2023	January 31, 2027	2.60 %	100,000	100,000	2,824	3,134
July 26, 2022	January 31, 2023	January 31, 2029	2.56 %	100,000	100,000	5,325	4,273
Total Operating Partnership				325,000	400,000	9,731	11,454
GIC Joint Venture:							
March 24, 2023	July 1, 2023	January 13, 2026	3.35 %	100,000	100,000	754	1,254
March 24, 2023	July 1, 2023	January 13, 2026	3.35 %	100,000	100,000	754	1,250
January 19, 2024	October 1, 2024	January 13, 2026	3.77 %	100,000	—	334	—
Total GIC Joint Venture				300,000	200,000	1,842	2,504
Total			3.09 % (1)	$ 625,000	$ 600,000	$ 11,573	$ 13,958

(1) Represents the weighted-average effective interest rate of our current interest rate swaps at December 31, 2024.

Our interest rate swaps have been designated as cash flow hedges and are valued using a market approach, which is a Level 2 valuation technique. At December 31, 2024 and 2023, all our interest rate swaps were in an asset position. Derivative assets related to our interest rate swaps are recorded in Other assets, and other and derivative liabilities (when applicable) are included in Accrued expenses and other in our Consolidated Balance Sheets. We are not required to post any collateral related to these agreements and are not in breach of any financial provisions of the agreements.

Changes in the fair value of the hedging instruments are deferred in Other comprehensive income (loss) and are reclassified to Interest expense in our Consolidated Statements of Operations in the period in which the hedged item affects earnings. In 2025, we estimate that an additional $6.4 million will be reclassified from Other comprehensive income and recorded as a decrease to Interest expense.

The table below details the location in the financial statements of the gain or loss recognized on derivative financial instruments designated as cash flow hedges (in thousands):

	For the Years Ended December 31, 2024	2023	2022
Gain recognized in Accumulated other comprehensive income (loss) on derivative financial instruments	$ 11,218	$ 8,677	$ 29,744
Gain (loss) reclassified from Accumulated other comprehensive income to Interest Expense	$ 13,602	$ 11,561	$ (2,820)
Total interest expense and other finance expense presented in the Consolidated Statements of Operations in which the effects of cash flow hedges are recorded	$ 82,632	$ 86,798	$ 65,581

NOTE 9 — EQUITY

Common Stock

The Company is authorized to issue up to 500,000,000 shares of common stock, $0.01 par value per share (the "Common Stock"). Each outstanding share of our Common Stock entitles the holder to one vote on all matters submitted to a vote of stockholders, including the election of directors and, except as may be provided with respect to any other class or series of stock, the holders of such shares possess the exclusive voting power.

In May 2022, the Company and the Operating Partnership entered into an equity distribution agreement (the “Equity Distribution Agreement”) with a group of underwriters as sales agents for the Company, principals and/or, with certain exceptions, forward sellers (collectively the “Managers”) and certain banks as forward purchasers, providing for the offer and sale of shares of the Company’s Common Stock, having a maximum aggregate offering price of up to $200.0 million through or to the Managers, as the Company’s sales agents or, if applicable, as forward sellers, or directly to the Managers, as principals (the “2022 ATM Program”). To date, we have not sold any shares of our Common Stock under the 2022 ATM Program.

Changes in Common Stock during the years ended December 31, 2024 and 2023 were as follows:

	2024	2023
Beginning shares of Common Stock outstanding	107,593,373	106,901,576
Common Unit redemptions	15,555	28,179
Grants under the Equity Plan (as defined below in *Note 13 - Equity-Based Compensation*)	1,242,868	875,055
Annual grants to independent directors	127,491	113,141
Performance share and other forfeitures	(398,970)	(140,549)
Shares acquired for employee withholding requirements	(144,654)	(184,029)
Ending shares of Common Stock outstanding	108,435,663	107,593,373

At December 31, 2024 and 2023, the Company had reserved 52,924,195 and 50,774,173 shares of Common Stock, respectively, for the issuance of Common Stock (i) upon the exercise of stock options, issuance of time-based restricted stock awards, issuance of performance-based restricted stock awards, grants of director stock awards, or other awards issued pursuant to our Equity Plan, (ii) upon redemption of Common Units, or (iii) under the 2022 ATM Program.

Preferred Stock

The Company is authorized to issue up to 100,000,000 shares of preferred stock, $0.01 par value per share, of which 89,600,000 is currently undesignated, 6,400,000 shares have been designated as 6.25% Series E Cumulative Redeemable Preferred Stock (the "Series E Preferred Shares") and 4,000,000 shares have been designated as 5.875% Series F Cumulative Redeemable Preferred Stock (the "Series F Preferred Shares").

The Company's preferred shares (collectively, “Preferred Shares”) rank senior to our Common Stock and on parity with each other with respect to the payment of dividends and distributions of assets in the event of a liquidation, dissolution, or winding up. The Preferred Shares do not have any maturity date and are not subject to mandatory redemption or sinking fund requirements. The Company may not redeem the Series E Preferred Shares or Series F Preferred Shares prior to November 13, 2022 and August 12, 2026, respectively, except in limited circumstances relating to the Company’s continuing qualification as a REIT or in connection with certain changes in control. After those dates, the Company may, at its option, redeem the applicable Preferred Shares, in whole or from time to time in part, by payment of $25 per share, plus any accumulated, accrued and unpaid distributions up to, but not including, the date of redemption. If the Company does not exercise its rights to redeem the Preferred Shares upon certain changes in control, the holders of the Preferred Shares have the right to convert some or all of their shares into a number of the Company’s common shares based on a defined formula, subject to a share cap, or alternative consideration. The share cap on each Series E preferred share is 3.1686 shares of Common Stock and each Series F preferred share is 5.8275 shares of Common Stock, all subject to certain adjustments.

The Company pays dividends at an annual rate of $1.5625 for each Series E Preferred Share and $1.46875 for each Series F Preferred Share. Dividend payments are made quarterly in arrears on or about the last day of February, May, August and November of each year.

NOTE 10 - NON-CONTROLLING INTERESTS AND REDEEMABLE NON-CONTROLLING INTERESTS

Non-controlling Interests in Operating Partnership

Pursuant to the limited partnership agreement of our Operating Partnership, the unaffiliated third parties who hold Common Units in our Operating Partnership have the right to cause us to redeem their Common Units in exchange for cash based upon the fair value of an equivalent number of our shares of Common Stock at the time of redemption; however, the Company has the option to redeem with shares of our Common Stock on a one-for-one basis. The number of shares of our Common Stock issuable upon redemption of Common Units may be adjusted upon the occurrence of certain events such as share dividend payments, share subdivisions or combinations. In January 2022 and March 2022, in connection with the NCI Transaction, the Company issued an aggregate of 15,864,674 Common Units as partial consideration for the purchase.

At December 31, 2024 and 2023, unaffiliated third parties owned 15,933,073 and 15,948,628, respectively, of Common Units of the Operating Partnership, representing approximately 13% of the Common Units of the Operating Partnership for each period.

We classify outstanding Common Units held by unaffiliated third parties as non-controlling interests in the Operating Partnership, a component of equity in the Company's Consolidated Balance Sheets. The portion of net income allocated to these Common Units is reported on the Company's Consolidated Statements of Operations as net income attributable to non-controlling interests of the Operating Partnership.

Non-controlling Interests in Joint Ventures

At December 31, 2024, the Company is a partner with a majority controlling equity interest in three consolidated joint ventures as described below.

GIC Joint Venture

In July 2019, the Company entered into the GIC Joint Venture to acquire assets that align with the Company's current investment strategy and criteria. The Company serves as general partner and asset manager of the GIC Joint Venture and invests 51% of the equity capitalization of the limited partnership, with GIC investing the remaining 49%. The Company earns fees for providing services to the GIC Joint Venture and has the potential to earn incentive fees based on the GIC Joint Venture achieving certain return thresholds. During the year ended December 31, 2024 and 2023, Summit earned $0.6 million and $0.1 million, respectively under incentive fee agreements. There were no such incentive fees earned during the year ended December 31, 2022.

As of December 31, 2024, the GIC Joint Venture owns 41 hotel properties containing 5,733 guestrooms in eleven states. The GIC Joint Venture owns the properties through master real estate investment trusts ("Master REIT") and subsidiary REITs ("Subsidiary REIT"). All of the hotel properties owned by the GIC Joint Venture are leased to taxable REIT subsidiaries of the Subsidiary REITs ("Subsidiary REIT TRSs"). To qualify as a REIT, the Master REIT and each Subsidiary REIT must meet all REIT requirements provided in the IRC. Taxable income related to the Subsidiary REIT TRSs is subject to federal, state and local income taxes at applicable corporate tax rates.

Brickell Joint Venture

In June 2022, the Company entered into the Brickell Joint Venture to facilitate the exercise of the Initial Purchase Option to acquire a 90% equity interest in the AC/Element Hotel. Our joint venture partner, C-F Brickell, owns the remaining 10% equity interest in the Brickell Joint Venture. The Company has an option to purchase the remaining 10% equity interest in the Brickell Joint Venture from C-F Brickell in December 2026 pursuant to the exercise of a second purchase option at its market value on the exercise date. The Company serves as the managing member of the Brickell Joint Venture.

Onera Joint Venture

In October 2022, the Company entered into the Onera Joint Venture, developers of alternative accommodation properties, with the acquisition of a 90% equity interest in the Onera Joint Venture for $5.2 million in cash, plus additional contingent consideration of $1.8 million paid in September 2023. The $1.8 million contingent consideration paid represents our 90% pro rata share of the maximum increase in value of the property of $2.0 million as a result of the property outperforming a pre-established threshold over a 12-month period after the closing of the transaction.

The Onera Joint Venture owns a 100% fee simple interest in real property and improvements located in Fredericksburg, Texas (the "Onera Property") consisting of an 11-unit glamping property and a 6.4-acre parcel of land.

Redeemable Non-controlling Interests

In January 2022, in connection with the NCI Transaction, Summit Hotel GP, LLC, a wholly owned subsidiary of the Company and the sole general partner of the Operating Partnership, on its own behalf as general partner of the Operating Partnership and on behalf of the limited partners of the Operating Partnership, entered into the Tenth Amendment (the "Tenth Amendment") to the First Amended and Restated Agreement of Limited Partnership of the Operating Partnership, to provide for the issuance of up to 2,000,000 Series Z Preferred Units. The Series Z Preferred Units rank on a parity with the Operating Partnership's Series E and Series F Preferred Units and holders will receive quarterly distributions at a rate of 5.25% per year. From issuance until the tenth anniversary of their issuance, the Series Z Preferred Units will be redeemable at the holder's request at any time, or in connection with a change of control of the Company, for, at the Company's election, cash or shares of the Company's 5.25% Series Z Cumulative Perpetual Preferred Stock (which will be designated and authorized following notice of redemption by holder of the Series Z Preferred Units) on a one-for-one basis. After the fifth anniversary of their issuance, the Company may redeem the Series Z Preferred Units for cash at a redemption amount of $25 per unit. For a 90-day period immediately following both the tenth and the eleventh anniversaries of their issuance or in connection with a change of control of the Company, the Series Z Preferred Units will be redeemable at the holder's request for cash at a redemption amount of $25 per unit. In January 2022 and March 2022, in connection with the NCI Transaction, the Operating Partnership issued an aggregate of 2,000,000 Series Z Preferred Units as partial consideration for the purchase. At December 31, 2024, the redeemable Series Z Preferred Units issued in connection with the NCI Transaction are recorded as temporary equity and reflected as Redeemable non-controlling interests on our Consolidated Balance Sheets.

NOTE 11 — FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

The following table presents information about our financial instruments measured at fair value on a recurring basis as of December 31, 2024 and 2023. In instances in which the inputs used to measure fair value fall into different levels of the fair value hierarchy, we classify assets and liabilities based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

Disclosures concerning financial instruments measured at fair value are as follows (in thousands):

	Fair Value Measurement at December 31, 2024 using			
	Level 1	Level 2	Level 3	Total
Assets:				
Interest rate swaps	$ —	$ 11,573	$ —	$ 11,573
Onera Purchase Option	—	—	931	931

	Fair Value Measurement at December 31, 2023 using			
	Level 1	Level 2	Level 3	Total
Assets:				
Interest rate swaps	$ —	$ 13,958	$ —	$ 13,958
Onera Purchase Option	—	—	931	931

The Onera Purchase Option does not have a readily determinable fair value. The fair value was estimated using the Black-Scholes model and was based on unobservable inputs for which there is little or no market information available. As such, we were required to develop assumptions to determine the fair value of the Onera Purchase Option as follows (dollar amounts in thousands):

Exercise price	$ 8,206
First option exercise date [(1)]	10/1/2024
Expected volatility	52.20 %
Risk free rate	4.15 %
Expected annualized equity dividend yield	— %

(1) The first option exercise date is the date used for estimating the fair value of the purchase option. The Onera Purchase Option is exercisable when the lodging development is fully constructed and open for business and expires one year from the date that it is initially exercisable.

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the years ended December 31, 2024 or 2023.

Nonrecurring Fair Value Measurements

During the year ended December 31, 2024, the Company recorded a loss on impairment related to a lodging property totaling $6.7 million to reduce the carrying amount of the property to its estimated fair value (Level 2 of the fair value hierarchy).

During the year ended December 31, 2023, the Company recorded a loss on write-down of lodging properties classified as Assets held for sale of $16.7 million to reduce the carrying amounts of the Hyatt Place - Dallas (Plano), TX and two additional lodging properties to their expected net selling prices less estimated costs to sell (Level 2 of the fair value hierarchy).

During the year ended December 31, 2022, the Company recorded a loss on write-down of lodging properties classified as Assets held for sale of $2.9 million to reduce the carrying amounts of the Hilton Garden Inn - Eden Prairie, MN, Holiday Inn Express & Suites - Minnetonka, MN, the Hyatt Place - Chicago (Hoffman Estates), IL and the Hyatt Place - Chicago (Lombard), IL to their net selling prices less estimated costs to sell (Level 2 of the fair value hierarchy).

During the year ended December 31, 2022, the Company recorded a loss on write-down of lodging properties classified as Assets held for sale of $7.2 million to reduce the carrying amounts of two lodging properties to their net selling prices less estimated costs to sell. The proposed sale of these two lodging properties was terminated during the year ended December 31, 2023 and the assets were reclassified to Investments in Lodging Property, net (Level 2 of the fair value hierarchy).

NOTE 12 — COMMITMENTS AND CONTINGENCIES

Franchise Agreements

All of our lodging properties (with the exception of the Onera Property and the Nordic Lodge - Steamboat Springs, CO) operate under franchise agreements with major hotel franchisors. The terms of our franchise agreements generally range from 10 to 30 years with various extension provisions. Each franchisor receives franchise fees ranging from 3% to 6% of each hotel property's room revenues, and some agreements require that we pay marketing fees of up to 4% of room revenue. In addition, some of these franchise agreements require that we deposit into a reserve fund for capital expenditures up to 5% of the lodging property's gross or room revenues, depending on the franchisor, to ensure that we comply with the franchisor's standards and requirements. We also pay fees to our franchisors for services related to reservation and information systems. In 2024, 2023, and 2022, we expensed fees related to our franchise agreements of $53.8 million, $52.6 million, and $47.9 million, respectively.

Management Agreements

Our lodging properties operate pursuant to management agreements with various professional third-party management companies. The remaining terms of our management agreements range from month-to-month to 12 years and have various extension provisions. Each management company receives a base management fee, generally a percentage of total lodging property revenues. In addition, our lodging property management agreements generally provide that the lodging property manager can earn an incentive fee for hotel-level EBITDA over certain thresholds of a required investment return. In some cases, there are also monthly fees for certain services, such as accounting and shared services, based on the number of guestrooms. During the years ended December 31, 2024, 2023, and 2022, we expensed fees related to our lodging property management agreements of $15.9 million, $18.5 million, and $17.4 million, respectively.

Litigation

We are involved from time to time in litigation arising in the ordinary course of business. We are not currently aware of any actions against us that would have a material effect on our consolidated financial position or results of operations.

NOTE 13 — EQUITY-BASED COMPENSATION

Our currently outstanding equity-based awards were issued under the Equity Plan which provides for the granting of stock options, stock appreciation rights, restricted stock, restricted stock units, dividend equivalent rights, and other equity-based awards or incentive awards.

Stock options granted may be either incentive stock options or non-qualified stock options. Vesting terms may vary with each grant, and stock option terms are generally five to ten years. We currently have no outstanding stock options. We have outstanding equity-based awards in the form of restricted stock awards. All of our outstanding equity-based awards are classified as equity.

Time-Based Restricted Stock Awards Made Pursuant to Our Equity Plan

The following table summarizes time-based restricted stock activity under our Equity Plan for 2024, 2023 and 2022:

	Number of Shares	Weighted Average Grant Date Fair Value per Share	Aggregate Current Value (in thousands)
Non-vested December 31, 2021	605,470	$ 9.98	
Granted	316,643	9.83	
Vested	(259,037)	10.14	
Forfeited	(8,272)	10.01	
Non-vested December 31, 2022	654,804	9.85	
Granted	449,148	7.71	
Vested	(238,883)	8.04	
Forfeited	(3,356)	8.20	
Non-vested December 31, 2023	861,713	8.79	
Granted	735,462	6.49	
Vested	(369,312)	9.24	
Forfeited	(75,040)	7.26	
Non-vested December 31, 2024	1,152,823	$ 7.28	$ 7,897

The awards granted to our non-executive employees prior to 2022 vest over a four-year period based on continuous service (20% on the first, second and third anniversary of the grant date and 40% on the fourth anniversary of the grant date). The awards granted to our non-executive employees in 2022 and thereafter vest over a three-year period based on continuous service (25% on the first and second anniversary of the grant date and 50% on the third anniversary of the grant date).

The awards granted to our executive officers vest over a three-year period based (25% on the first and second anniversary of the grant date and 50% on the third anniversary of the grant date), subject to continued service through the applicable vesting date, except in the case of certain terminations of employment or in certain circumstances upon a change in control and are subject to the other conditions described in the Equity Plan or award document.

The holders of these awards have the right to vote the related shares of Common Stock and receive all dividends declared and paid whether or not vested. The fair value of time-based restricted stock awards granted is calculated based on the market value of our Common Stock on the date of grant.

During the years ended December 31, 2024, 2023, and 2022, the total fair value of time-based restricted stock awards that vested was $2.4 million, $3.6 million and $2.5 million, respectively.

Performance-Based Restricted Stock Awards Made Pursuant to Our Equity Plan

The following table summarizes performance-based restricted stock activity under our Equity Plan for 2024, 2023 and 2022:

	Number of Shares	Weighted Average Grant Date Fair Value per Share	Aggregate Current Value
			(in thousands)
Non-vested December 31, 2021	1,002,866	$ 11.92	
Granted	418,728	12.26	
Vested	(414,620)	12.81	
Non-vested December 31, 2022	1,006,974	11.76	
Granted	425,907	10.08	
Vested	(239,416)	9.38	
Forfeited	(137,193)	9.38	
Non-vested December 31, 2023	1,056,272	11.93	
Granted	507,406	7.41	
Forfeited	(323,930)	14.05	
Non-vested December 31, 2024	1,239,748	$ 9.53	$ 8,492

Our performance-based restricted stock awards are market-based awards and are accounted for based on the fair value of our Common Stock on the grant date. The fair value of the performance-based restricted stock awards granted was estimated using a Monte Carlo simulation valuation model. These awards generally vest over a three-year period based on our total shareholder return relative to the total shareholder return of certain companies within the Dow Jones U.S. Hotels Index (or in the event such index is discontinued, or its methodology significantly changed, a comparable index selected by the Compensation Committee of the Board) at the end of the period or upon a change in control. The awards require continued service during the measurement period, except in the case of certain terminations of employment or in the case of a change in control and are subject to the other conditions described in the Equity Plan or award document.

The number of shares the executive officers may earn under these awards range from zero shares to twice the number of shares granted based on our percentile ranking within the index at the end of the measurement period. In addition, a portion of the performance-based shares may be earned based on the Company's absolute total shareholder return calculated during the performance period.

The holders of these grants have the right to vote the granted shares of Common Stock, and any dividends declared will be accumulated and will be subject to the same vesting conditions as the awards. Further, if additional shares are earned based on our percentile ranking within the index, dividend payments will be issued as if the additional shares had been held throughout the measurement period.

The fair value of performance-based restricted stock awards granted was estimated using a Monte Carlo simulation valuation model and the following assumptions:

	For the Years Ended December 31,		
	2024	2023	2022
Expected dividend yield	4.86 %	3.90 %	3.52 %
Expected stock price volatility	37.2 %	67.6 %	65.4 %
Risk-free interest rate	4.21 %	4.66 %	1.77 %
Monte Carlo iterations	100,000	100,000	100,000
Weighted average estimated fair value of performance-based restricted stock awards	$ 7.41	$ 10.08	$ 12.26

The expected dividend yield was calculated based on our annual expected dividend payments at the time of grant. The expected volatility was based on historical price changes of our Common Stock for a period comparable to the performance period. The risk-free interest rates were interpolated from the Federal Reserve Bond Equivalent Yield rates for “on-the-run” U.S. Treasury securities.

Director Stock Awards Made Pursuant to Our Equity Plan

During the years ended December 31, 2024, 2023, and 2022 we granted 127,491, 113,141 and 84,899 shares of Common Stock, respectively, to our non-employee directors as a part of our director compensation program. These grants were made pursuant to our Equity Plan and were vested upon grant.

Equity-Based Compensation Expense

Equity-based compensation expense included in Corporate General and Administrative expense in the Consolidated Statements of Operations was as follows (in thousands):

	For the Years Ended December 31,		
	2024	2023	2022
Time-based restricted stock	$ 3,424	$ 3,260	$ 2,860
Performance-based restricted stock	3,941	3,727	4,784
Director stock	767	755	802
	$ 8,132	$ 7,742	$ 8,446

The Company's former Executive Vice President and Chief Operating Officer departed the Company in March 2022. The Company recorded $1.3 million of additional stock-based compensation expense during the period related to the modification of certain stock award agreements. This amount was comprised of $0.4 million related to time-based restricted stock awards and $0.9 million related to performance-based restricted stock awards.

We recognize equity-based compensation expense ratably over the vesting terms. The amount of expense may be subject to adjustment in future periods due to a change in the forfeiture assumptions.

Unrecognized equity-based compensation expense for all non-vested awards pursuant to our Equity Plan was $9.5 million at December 31, 2024 as follows (in thousands):

	Total	2025	2026	2027
Time-based restricted stock	$ 4,859	$ 2,731	$ 1,700	$ 428
Performance-based restricted stock	4,652	2,907	1,515	230
	$ 9,511	$ 5,638	$ 3,215	$ 658

Our restricted stock awards are expected to be recognized over a remaining weighted-average period of 1.53 years.

NOTE 14 — BENEFIT PLANS

In August 2011, we initiated a qualified contributory retirement plan (the Summit Hotel Properties, Inc. 401(k) Profit Sharing Plan or the "Plan") under Section 401(k) of the IRC, 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 was $0.5 million, $0.4 million and $0.4 million for the years ended December 31, 2024, 2023 and 2022, respectively.

NOTE 15 — INCOME TAXES

We have elected to be taxed as a REIT. As a REIT, we are generally not subject to corporate level income taxes on taxable income we distribute to our stockholders. We have met the annual REIT distribution requirement by distribution of at least 90% of our taxable income to our stockholders.

Income related to our TRSs is subject to federal, state and local taxes at applicable corporate tax rates. Our consolidated tax provision includes the income tax provision related to the operations of the TRSs as well as state and local income taxes related to the Operating Partnership.

The components of income tax expense (benefit) are as follows (in thousands):

	For the Years Ended December 31,		
	2024	2023	2022
Current:			
Federal	$ 989	$ 1,151	$ 1,953
State and local	1,567	1,563	1,717
Deferred:			
Federal	(8,879)	84	(59)
State and local	(2,420)	—	—
Income tax (benefit) expense	$ (8,743)	$ 2,798	$ 3,611

Below is a reconciliation between the provision for income taxes and the amounts computed by applying the federal statutory income tax rate to the income or loss before taxes (in thousands):

	For the Years Ended December 31,		
	2024	2023	2022
Statutory federal income tax provision	$ 6,331	$ (5,317)	$ 1,014
Nontaxable (income) loss of the REITs	(6,260)	4,563	1,124
State income taxes, net of federal tax benefit	1,467	1,158	1,644
Provision to return and deferred adjustment	20	50	81
Effect of permanent differences and other	431	235	246
Deferred assets transferred with REIT stock sale	—	—	730
Reversal of federal deferred tax valuation allowance	(9,905)	—	—
Reversal of state deferred tax valuation allowance, net of federal benefit	(2,156)	—	—
Other change in valuation allowance	1,329	2,109	(1,228)
Income tax (benefit) expense	$ (8,743)	$ 2,798	$ 3,611

The Company evaluates its deferred tax assets each reporting period to determine if it is more-likely-than-not that those assets will be realized. In its evaluation, the Company assesses available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the Company's existing deferred tax assets.

At December 31, 2024 and 2023, we had valuation allowances of $2.6 million and $13.9 million, respectively. In the fourth quarter of 2024, we determined that it was probable that we would realize the carrying amount of most of our deferred tax assets. As such, we released a substantial portion of our valuation allowance totaling $12.1 million, which resulted in a benefit for income taxes for the year ended December 31, 2024.

Deferred tax assets are included in Other assets and deferred tax liabilities are included in Accrued expenses and other in the accompanying Consolidated Balance Sheets.

Significant components of our TRSs deferred tax assets (liabilities) are as follows (in thousands):

	December 31,	
	2024	2023
Tax carryforwards	$ 11,916	$ 12,098
Accrued expenses	1,515	1,634
Other	445	150
Total	13,876	13,882
Valuation allowance	(2,581)	(13,886)
Net deferred tax asset (liability)	$ 11,295	$ (4)
Gross deferred tax assets	$ 13,881	$ 13,906
Gross deferred tax liabilities	(5)	(24)
Valuation allowance	(2,581)	(13,886)
Net deferred tax asset (liability)	$ 11,295	$ (4)

At December 31, 2024, our TRSs had federal net operating losses of $48.8 million which are not subject to expiration and state net operating losses of $33.6 million, which expire beginning in 2025. At December 31, 2024, Summit Hotel Properties Inc. and our Subsidiary REITs had federal net operating loss carryforwards of $33.1 million and $7.6 million, respectively, which are not subject to expiration.

In the normal course of business, we are subject to examination by federal, state, and local jurisdictions where applicable. We had no unrecognized tax benefits at December 31, 2024 or in the three-year period then ended. We expect no significant increase or decrease in unrecognized tax benefits due to changes in tax positions within one year of December 31, 2024. We have no material interest or penalties relating to unrecognized tax benefits in the Consolidated Statements of Operations for the years ended December 31, 2024, 2023 or 2022 or in the Consolidated Balance Sheets as of December 31, 2024 or 2023.

We file U.S. and state income tax returns in jurisdictions with varying statutes of limitations. In general, we are not subject to tax examinations by tax authorities for years before 2021.

Characterization of Dividends and Distributions (Unaudited)

For income tax purposes, distributions paid consist of ordinary income and capital gains or a combination thereof. For the years ended December 31, 2024, 2023 and 2022 distributions paid per share were characterized as follows:

	For the Years Ended December 31,					
	2024		2023		2022	
	Amount	%	Amount	%	Amount	%
Common Stock						
Ordinary non-qualified dividend income	$ 0.2879	95.96 %	$ 0.1940	88.19 %	$ 0.0471	58.82 %
Ordinary qualified dividend income	0.0121	4.04 %	0.0078	3.54 %	0.0106	13.26 %
Capital gain distributions	—	— %	—	— %	0.0223	27.92 %
Return of capital	—	— %	0.0182	8.27 %	—	— %
Total	$ 0.3000	100.00 %	$ 0.2200	100.00 %	$ 0.0800	100.00 %
Preferred Stock - Series E						
Ordinary non-qualified dividend income	$ 1.4994	95.96 %	$ 1.3779	88.19 %	$ 0.9191	58.82 %
Ordinary qualified dividend income	0.0631	4.04 %	0.0553	3.54 %	0.2072	13.26 %
Capital gain distributions	—	— %	—	— %	0.4363	27.92 %
Return of capital	—	— %	0.1293	8.27 %	—	— %
Total	$ 1.5625	100.00 %	$ 1.5625	100.00 %	$ 1.5626	100.00 %
Preferred Stock - Series F						
Ordinary non-qualified dividend income	$ 1.4095	95.96 %	$ 1.2952	88.19 %	$ 0.8639	58.82 %
Ordinary qualified dividend income	0.0593	4.04 %	0.0520	3.54 %	0.1947	13.26 %
Capital gain distributions	—	— %	—	— %	0.4101	27.92 %
Return of capital	—	— %	0.1215	8.27 %	—	— %
Total	$ 1.4688	100.00 %	$ 1.4687	100.00 %	$ 1.4687	100.00 %

Ordinary non-qualified dividends are eligible for the 20% deduction provided by Section 199A of the IRC.

NOTE 16 — EARNINGS PER SHARE

The following is a summary of the components used to calculate basic and diluted earnings per share (in thousands, except per share amounts):

		For the Years Ended December 31,		
		2024	2023	2022
Numerator:				
Net income (loss)		$ 38,891	$ (28,116)	$ 1,217
Adjusted for:				
Distributions to and accretion of redeemable non-controlling interests		(2,626)	(2,626)	(2,520)
Preferred dividends		(15,875)	(15,875)	(15,875)
Loss (income) related to non-controlling interests in consolidated joint ventures		8,499	14,824	(2,321)
Allocation of (income) loss to participating securities	(1)	(4,056)	3,803	2,570
Numerator for income (loss) per common stockholder - basic		24,833	(27,990)	(16,929)
Adjusted for:				
Interest rate effect on assumed conversion of convertible debt		4,323	—	—
Numerator for income (loss) per common stockholder - diluted		$ 29,156	$ (27,990)	$ (16,929)
Denominator:				
Weighted average common shares outstanding - basic		105,927	105,548	105,142
Adjusted for:				
Dilutive effect of equity-based compensation awards	(2)	660	—	—
Effect of assumed conversion of convertible debt		25,778	—	—
Weighted average common shares outstanding - diluted	(3)	132,365	105,548	105,142
Net income (loss) per share available to common stockholders:				
Basic		$ 0.23	$ (0.27)	$ (0.16)
Diluted		$ 0.22	$ (0.27)	$ (0.16)

(1) Balances include unvested time-based restricted stock awards that have non-forfeitable rights to participate in dividends declared on Common Stock are accounted for under the two-class method as participating securities and are reflected in the calculation of basic and diluted earnings per share using the treasury stock method.

(2) Balance reflects potentially dilutive securities issuable based on the estimated vesting of performance-based restricted stock using the treasury stock method and assuming that the reporting date is the vesting date. These shares were not included for the years ending December 31, 2023 and 2022 since their inclusion would have been anti-dilutive.

(3) Common stock issuable upon the potential conversion of Common Units is not reflected in the computation of basic and diluted earnings per share as they are exchangeable for common shares on a one-for-one basis. Income is allocated to the Common Units on this same basis as Common Stock and is reflected as non-controlling interests in the accompanying Consolidated Financial Statements. As such, the assumed conversion of the Common Units would have no net effect on diluted earnings per share.

NOTE 17 — SEGMENT INFORMATION

We have investments in lodging properties located in 25 states across the United States of America. Our lodging properties derive revenue primarily from guestroom sales, food and beverage sales, and revenues from other lodging services and amenities. Our President and Chief Executive Officer, who serves as our Chief Operating Decision Maker ("CODM"), evaluates the performance, makes capital allocation decisions, and manages the overall operating and investing strategy of each hotel individually. As such, we consider each lodging property to be an operating segment. Each of our properties has similar economic characteristics and risks, facilities, and services and distribute their products and services in the same manner through third-party management companies. Therefore, all of our lodging properties are aggregated into a single reportable segment. The accounting policies of the lodging property segment are the same as those described in *Note 2 - Basis of Presentation and Significant Accounting Policies* to the Consolidated Financial Statements.

On a regular basis, the segment's performance is assessed, and decisions are made related to the allocation of resources primarily based on lodging property earnings before interest, taxes, depreciation and amortization ("Hotel EBITDA") by comparing Hotel EBITDA results to budgets and forecasts, prior period results, and industry or peer group benchmarks. Additionally, the CODM considers other performance metrics such as total revenue, revenue per available room ("RevPAR'), average daily rate ("ADR"), occupancy, and hotel gross operating profit to assess operating performance.

Lodging revenues and Hotel EBITDA, including significant lodging expenses for our single reportable operating segment, is as follows (in thousands):

	For the Years Ended December 31,		
	2024	2023	2022
Lodging property revenues:			
Room	$ 650,713	$ 656,063	$ 609,370
Food and beverage	40,865	41,513	32,117
Other	40,205	38,551	34,208
Total revenues	731,783	736,127	675,695
Lodging property expenses:			
Room	146,790	148,005	136,999
Sales and marketing	93,083	93,053	84,752
Administrative and general	57,678	58,269	54,013
Property taxes, insurance and other	54,116	55,167	49,921
Food and beverage	30,964	31,580	24,897
Property operations & maintenance	30,582	30,416	27,713
Utility costs	26,917	26,989	25,488
Management fees	15,866	18,452	17,442
Other lodging property expenses	16,149	16,174	16,009
Total lodging property expenses	472,145	478,105	437,234
Hotel EBITDA	**$ 259,638**	**$ 258,022**	**$ 238,461**

A reconciliation of Income (loss) from continuing operations before income taxes as shown on our Consolidated Statements of Operations to Hotel EBITDA is as follows (in thousands):

	For the Years Ended December 31,		
	2024	2023	2022
Income (loss) from continuing operations before income taxes	$ 30,148	$ (25,318)	$ 4,828
Adjusted for:			
Depreciation and amortization	146,436	150,924	150,160
Corporate general and administrative	31,891	32,530	30,765
Transaction costs	10	13	749
Loss on impairment and write-down of assets	6,723	16,661	10,420
Recovery of credit losses	—	(1,230)	(1,100)
(Gain) loss on disposal of assets, net	(28,912)	337	(20,315)
Interest expense	82,632	86,798	65,581
Interest income	(1,906)	(1,688)	(1,544)
Gain on extinguishment of debt	(3,000)	—	—
Other expense, net	(4,384)	(1,005)	(1,083)
Hotel EBITDA	**$ 259,638**	**$ 258,022**	**$ 238,461**

Our measure of segment assets is total assets as reported on our Consolidated Balance Sheets.

NOTE 18 — SUPPLEMENTAL CASH FLOW INFORMATION

We consider all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. 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 lender or other party requiring the restricted cash reserves.

Supplemental cash flow information is as follows (in thousands):

	For the Years Ended December 31,		
	2024	2023	2022
Cash payments for interest	$ 78,920	$ 78,886	$ 58,409
Accrued acquisition costs and improvements to lodging properties	$ 7,082	$ 4,219	$ 8,233
Cash payments for income taxes, net of refunds	$ 2,027	$ 2,674	$ 3,742
Accrued and unpaid dividends on unvested performance-based restricted stock	$ 241	$ 185	$ 40
Mortgage debt assumed for acquisitions of lodging properties	$ —	$ —	$ 382,205
Assumption of leases and other assets and liabilities in connection with the acquisition of a portfolio of properties	$ —	$ —	$ 9,206
Conversion of a mezzanine loan to complete acquisition of lodging properties	$ —	$ —	$ 29,875
Conversion of purchase option to complete acquisition of lodging properties	$ —	$ —	$ 2,800
Non-cash contributions of assets by non-controlling interests related to acquisition of lodging properties	$ —	$ 200	$ 7,724
Issuance of non-controlling interests in Operating Partnership to complete acquisition of a portfolio of properties	$ —	$ —	$ 157,513
Redeemable non-controlling interests in operating partnership issued to complete acquisition of a portfolio of properties	$ —	$ —	$ 50,000

NOTE 19 — SUBSEQUENT EVENTS

We have evaluated significant matters subsequent to our year end date of December 31, 2024 and through the filing date of our Annual Report on Form 10-K on February 24, 2025 as follows:

Equity Transactions

In January 2025, our Board declared cash dividends of $0.390625 per share of Series E Preferred Stock and $0.3671875 per share of Series F Preferred Stock. The Board also declared on behalf of the Operating Partnership, a cash dividend of $0.328125 per share of the Operating Partnership's Series Z Preferred Units. Our Board also declared a quarterly cash dividend of $0.08 per share on our Common Stock and per Common Unit of the Operating Partnership.

These dividends are payable February 28, 2025 to stockholders and unitholders of record on February 14, 2025.

Property Disposition

During the first quarter of 2023, we entered into a purchase and sale agreement with a third-party to sell a 5.99-acre parcel of undeveloped land in San Antonio, TX for $1.3 million. The property was recorded in Assets held for sale, net at December 31, 2024. The sale of the parcel of land was completed in February 2025.

SUMMIT HOTEL PROPERTIES, INC
Schedule III - Real Estate and Accumulated Depreciation
December 31, 2024
(in thousands)

		Initial Cost		Costs Subsequent	Gross Amount at December 31, 2024				
Description	Mortgage Debt/ Encumbrances	Land	Buildings, Improvements and Furniture, Fixtures and Equipment	Buildings, Improvements and Furniture, Fixtures and Equipment	Land	Buildings, Improvements and Furniture, Fixtures and Equipment	Total	Accumulated Depreciation	Date Acquired
Aliso Viejo, CA - Homewood Suites	$ —	$ 5,599	$ 32,367	$ 1,067	$ 5,599	$ 33,434	$ 39,033	$ (10,476)	2017
Amarillo, TX - Courtyard	—	269	18,561	999	269	19,560	19,829	(3,972)	2022
Amarillo, TX - Embassy Suites	— (2)	657	38,456	1,128	657	39,584	40,241	(8,033)	2022
Arlington, TX - Courtyard	—	1,497	15,573	697	1,497	16,270	17,767	(6,572)	2012
Arlington, TX - Residence Inn	—	1,646	15,440	1,418	1,646	16,858	18,504	(6,686)	2012
Asheville, NC - Hotel Indigo	—	2,100	34,755	7,686	2,100	42,441	44,541	(12,093)	2015
Atlanta, GA - AC Hotel	—	5,670	51,922	3,298	5,670	55,220	60,890	(15,523)	2017
Atlanta, GA - Courtyard	—	2,050	27,969	3,837	2,050	31,806	33,856	(12,749)	2012
Atlanta, GA - Residence Inn	— (3)	3,381	34,820	5,742	3,381	40,562	43,943	(10,139)	2016
Austin, TX - Hampton Inn & Suites	— (2)	—	56,394	6,883	—	63,277	63,277	(20,601)	2014
Baltimore, MD - Hampton Inn & Suites	—	2,205	16,013	6,412	2,205	22,425	24,630	(8,243)	2017
Baltimore, MD - Residence Inn	—	1,986	37,016	7,917	1,986	44,933	46,919	(15,652)	2017
Boulder, CO - Marriott	—	11,115	49,204	14,751	11,115	63,955	75,070	(21,224)	2016
Branchburg, NJ - Residence Inn	— (3)	2,374	24,411	(10,552)	2,374	13,859	16,233	(8,259)	2015
Brisbane, CA - DoubleTree	—	3,300	39,686	2,366	3,300	42,052	45,352	(20,771)	2014
Camarillo, CA - Hampton Inn & Suites	—	2,200	17,366	1,234	2,200	18,600	20,800	(9,438)	2013
Charlotte, NC - Courtyard	—	—	41,094	6,490	—	47,584	47,584	(13,452)	2017
Chicago, IL - Hyatt Place	—	5,395	68,355	1,074	5,395	69,429	74,824	(20,710)	2016
Cleveland, OH - Residence Inn	—	10,075	33,340	4,489	10,075	37,829	47,904	(12,049)	2017
Dallas, TX - AC Hotel	—	1,330	31,379	(2,950)	1,330	28,429	29,759	(4,766)	2022
Dallas, TX - Hampton Inn & Suites	—	1,834	47,069	1,453	1,834	48,522	50,356	(6,358)	2022
Dallas, TX - Parking Garage	—	3,131	9,252	(1,310)	3,131	7,942	11,073	(717)	2022
Dallas, TX - Residence Inn	—	1,372	32,351	(2,379)	1,372	29,972	31,344	(4,947)	2022
Dallas, TX - SpringHill Suites	—	2,447	23,746	7,213	2,447	30,959	33,406	(3,558)	2022
Decatur, GA - Courtyard	—	4,046	34,151	4,858	4,046	39,009	43,055	(13,459)	2015
Englewood, CO - Hyatt House	—	2,700	16,267	3,440	2,700	19,707	22,407	(7,050)	2012
Englewood, CO - Hyatt Place	—	2,000	11,950	5,707	2,000	17,657	19,657	(6,528)	2012
Fort Lauderdale, FL - Courtyard	—	37,950	47,002	22,880	37,950	69,882	107,832	(12,948)	2017
Fort Lauderdale, FL - New Builds	—	—	—	3,065	—	3,065	3,065	—	2017
Fort Worth, TX - Courtyard	—	1,920	38,070	11,354	1,920	49,424	51,344	(17,720)	2017
Fredericksburg, TX - Onera Escapes	—	1,251	5,209	2,146	1,013	7,593	8,606	(886)	2022
Frisco, TX - AC Hotel	—	1,246	38,390	259	1,246	38,649	39,895	(6,416)	2022
Frisco, TX - Canopy Hotel	—	1,109	38,531	193	1,109	38,724	39,833	(5,817)	2022
Frisco, TX - Parking Garage	—	2,470	6,563	20	2,470	6,583	9,053	(537)	2022
Frisco, TX - Residence Inn	—	1,246	38,390	199	1,246	38,589	39,835	(6,306)	2022
Garden City, NY - Hyatt Place	—	4,200	27,775	878	4,282	28,571	32,853	(10,015)	2012
Glendale, CO - Staybridge Suites	—	2,100	10,151	8,093	2,100	18,244	20,344	(6,153)	2011

SUMMIT HOTEL PROPERTIES, INC
Schedule III - Real Estate and Accumulated Depreciation
December 31, 2024
(in thousands)

			Initial Cost		Costs Subsequent	Gross Amount at December 31, 2024				
Description	Mortgage Debt/ Encumbrances		Land	Buildings, Improvements and Furniture, Fixtures and Equipment	Buildings, Improvements and Furniture, Fixtures and Equipment	Land	Buildings, Improvements and Furniture, Fixtures and Equipment	Total	Accumulated Depreciation	Date Acquired
Grapevine, TX - Courtyard	—		2,542	34,872	6,277	2,542	41,149	43,691	(6,186)	2022
Grapevine, TX - Hilton Garden Inn	5,884		986	33,137	179	986	33,316	34,302	(5,383)	2022
Grapevine, TX - Holiday Inn Express & Suites	—		1,419	13,810	1,027	1,419	14,837	16,256	(2,840)	2022
Grapevine, TX - Hyatt Place	—		1,318	18,740	1,055	1,318	19,795	21,113	(3,611)	2022
Grapevine, TX - TownePlace Suites	—		1,686	23,119	437	1,686	23,556	25,242	(4,680)	2022
Greenville, SC - Hilton Garden Inn	—		1,200	14,566	3,503	1,200	18,069	19,269	(8,699)	2013
Hillsboro, OR - Residence Inn	—		4,943	42,541	7,067	4,943	49,608	54,551	(8,829)	2019
Houston, TX - AC Hotel	—		4,796	52,268	1,670	4,796	53,938	58,734	(7,694)	2022
Houston, TX - Hilton Garden Inn	—	(2)	—	41,838	5,282	—	47,120	47,120	(19,195)	2014
Houston, TX - Hilton Garden Inn	—		2,800	33,777	8,886	2,800	42,663	45,463	(13,106)	2014
Hunt Valley, MD - Residence Inn	—		—	35,436	3,324	1,076	37,684	38,760	(12,058)	2015
Indianapolis, IN - Courtyard	—		7,788	54,384	(977)	7,788	53,407	61,195	(19,349)	2013
Indianapolis, IN - SpringHill Suites	—		4,012	27,910	(159)	4,012	27,751	31,763	(10,372)	2013
Kansas City, MO - Courtyard	—	(3)	3,955	20,608	(1,065)	3,955	19,543	23,498	(7,039)	2017
Lone Tree, CO - Hyatt Place	—		1,300	11,704	5,712	1,314	17,402	18,716	(6,267)	2012
Longview, TX - Hilton Garden Inn	—		1,284	13,281	2,077	1,284	15,358	16,642	(2,447)	2022
Louisville, KY - Fairfield Inn & Suites	—		3,120	24,231	628	3,120	24,859	27,979	(9,652)	2013
Louisville, KY - SpringHill Suites	—		4,880	37,361	898	4,880	38,259	43,139	(15,108)	2013
Lubbock, TX - Hyatt Place	—		896	20,182	984	896	21,166	22,062	(3,640)	2022
Mesa, AZ - Hyatt Place	—		2,400	19,848	2,337	2,400	22,185	24,585	(7,537)	2017
Metairie, LA - Courtyard	—		1,860	25,168	8,838	1,860	34,006	35,866	(13,331)	2013
Metairie, LA - Residence Inn	—		1,791	23,386	1,119	1,791	24,505	26,296	(13,698)	2013
Miami, FL - AC Hotel	46,060	(1)	8,496	46,839	465	8,496	47,304	55,800	(5,409)	2022
Miami, FL - Element	46,060	(1)	5,882	32,427	741	5,882	33,168	39,050	(3,865)	2022
Miami, FL - Hyatt House	—		4,926	40,087	3,375	4,926	43,462	48,388	(18,025)	2015
Miami, FL - Sky Lounge	—		—	1,473	182	—	1,655	1,655	(372)	2022
Midland, TX - Homewood Suites	—		1,717	22,326	1,285	1,717	23,611	25,328	(4,243)	2022
Milpitas, CA - Hilton Garden Inn	—	(3)	7,921	46,141	(33)	7,921	46,108	54,029	(8,933)	2019
Minneapolis, MN - Hampton Inn & Suites	—		3,502	35,433	1,013	3,502	36,446	39,948	(12,956)	2015
Minneapolis, MN - Hyatt Place	—		—	34,026	2,846	—	36,872	36,872	(13,266)	2013
Nashville, TN - Courtyard	—		8,792	62,759	8,743	8,792	71,502	80,294	(22,959)	2016
Nashville, TN - SpringHill Suites	—		777	5,598	2,040	777	7,638	8,415	(3,645)	2004
New Haven, CT - Courtyard	—		11,990	51,497	11,207	11,990	62,704	74,694	(12,451)	2017
New Orleans, LA - Canopy Hotel	—	(2)	4,262	51,406	489	4,262	51,895	56,157	(7,235)	2022
New Orleans, LA - Courtyard	—		1,944	25,120	4,738	1,944	29,858	31,802	(17,121)	2013
New Orleans, LA - SpringHill Suites	—		963	12,763	321	963	13,084	14,047	(2,032)	2022
New Orleans, LA - TownePlace Suites	—		1,366	18,110	261	1,366	18,371	19,737	(2,699)	2022

SUMMIT HOTEL PROPERTIES, INC
Schedule III - Real Estate and Accumulated Depreciation
December 31, 2024
(in thousands)

		Initial Cost		Costs Subsequent	Gross Amount at December 31, 2024				
Description	**Mortgage Debt/ Encumbrances**	**Land**	**Buildings, Improvements and Furniture, Fixtures and Equipment**	**Buildings, Improvements and Furniture, Fixtures and Equipment**	**Land**	**Buildings, Improvements and Furniture, Fixtures and Equipment**	**Total**	**Accumulated Depreciation**	**Date Acquired**
Oklahoma City, OK - AC Hotel	—	2,769	29,389	385	2,769	29,774	32,543	(5,933)	2022
Oklahoma City, OK - Holiday Inn Express & Suites	—	2,542	21,574	933	2,542	22,507	25,049	(3,520)	2022
Oklahoma City, OK - Hyatt Place	—	2,822	25,311	520	2,822	25,831	28,653	(3,851)	2022
Orlando, FL - Hyatt House	—	2,800	34,423	883	2,800	35,306	38,106	(13,834)	2018
Orlando, FL - Hyatt Place	—	3,100	11,343	7,898	3,100	19,241	22,341	(6,737)	2013
Orlando, FL - Hyatt Place	—	2,716	11,221	7,594	2,716	18,815	21,531	(7,963)	2013
Pittsburgh, PA - Courtyard	—	1,652	40,749	6,866	1,652	47,615	49,267	(14,608)	2017
Portland, OR - Hyatt Place	— (2)	—	14,700	1,012	—	15,712	15,712	(7,426)	2009
Portland, OR - Residence Inn	—	—	15,629	1,169	—	16,798	16,798	(7,960)	2009
Portland, OR - Residence Inn	— (2)	12,813	76,868	11,001	12,813	87,869	100,682	(15,594)	2019
Poway, CA - Hampton Inn & Suites	—	2,300	14,728	1,686	2,300	16,414	18,714	(7,354)	2013
Revere, MA - Hampton Inn & Suites	—	32,237	33,912	9	32,237	33,921	66,158	(390)	2024
San Francisco, CA - Holiday Inn Express & Suites	—	15,545	49,469	5,467	15,545	54,936	70,481	(26,501)	2013
Scottsdale, AZ - Courtyard	—	3,225	12,571	4,287	3,225	16,858	20,083	(11,804)	2003
Scottsdale, AZ - Hyatt Place	—	1,500	10,171	640	1,500	10,811	12,311	(5,261)	2012
Scottsdale, AZ - Residence Inn	—	7,503	21,545	1,923	7,503	23,468	30,971	(1,933)	2023
Scottsdale, AZ - SpringHill Suites	—	2,195	9,496	2,083	2,195	11,579	13,774	(7,978)	2003
Silverthorne, CO - Hampton Inn & Suites	—	4,441	21,125	1,497	4,441	22,622	27,063	(4,732)	2019
Silverthorne, CO - Parking Garage	—	2,404	—	2,450	2,404	2,450	4,854	—	2019
Steamboat Springs, CO - Nordic Lodge	—	4,754	9,001	668	4,754	9,669	14,423	(780)	2023
Steamboat Springs, CO - Residence Inn	—	1,832	31,214	893	1,832	32,107	33,939	(4,883)	2021
Tampa, FL - Hampton Inn & Suites	—	3,600	20,366	5,066	3,600	25,432	29,032	(12,122)	2012
Tucson, AZ - Embassy Suites	12,526	1,841	23,958	6,358	1,841	30,316	32,157	(3,681)	2021
Tucson, AZ - Homewood Suites	—	2,570	22,802	2,650	2,570	25,452	28,022	(8,454)	2017
Tyler, TX - Residence Inn	—	1,243	15,323	872	1,243	16,195	17,438	(3,493)	2022
Vienna, VA - Hilton Garden Inn	—	8,699	21,481	—	8,699	21,481	30,180	(158)	2024
Waltham, MA - Hilton Garden Inn	—	10,644	21,713	7,302	10,644	29,015	39,659	(11,026)	2017
Watertown, MA - Residence Inn	—	25,083	45,917	717	25,083	46,634	71,717	(11,713)	2018
Land Parcels - Land Parcels	— (3)	4,645	—	(2,995)	1,650	—	1,650	—	—
		$ 418,860	$ 2,883,159	$ 308,661	$ 416,799	$ 3,193,881	$ 3,610,680	$ (896,444)	

(1) Properties cross-collateralize the related loan, refer to "Part II – Item 8. – *Financial Statements and Supplementary Data – Note 6 – Debt*" in the Consolidated Financial Statements.
(2) Properties subject to ground lease, refer to "Part II – Item 8. – *Financial Statements and Supplementary Data – Note 7 – Leases*" in the Consolidated Financial Statements.
(3) Property accounting basis includes an impairment charge, based on the difference between its estimated fair value and net carrying amount at December 31, 2024.

SUMMIT HOTEL PROPERTIES, INC
Schedule III - Real Estate and Accumulated Depreciation
December 31, 2024
(in thousands)

(a) **ASSET BASIS**

	2024	2023	2022
Reconciliation of land, buildings and improvements and furniture, fixtures and equipment:			
Balance at beginning of period as adjusted	$ 3,586,899	$ 3,548,184	$ 2,638,549
Additions to land, buildings, improvements and furniture, fixtures and equipment	179,229	131,153	989,046
Disposition of land, buildings, improvements and furniture, fixtures and equipment	(148,725)	(75,777)	(68,991)
Write-down of assets	(6,723)	(16,661)	(10,420)
Balance at end of period	$ 3,610,680	$ 3,586,899	$ 3,548,184

(b) **ACCUMULATED DEPRECIATION**

	2024	2023	2022
Reconciliation of accumulated depreciation:			
Balance at beginning of period	$ 821,924	$ 716,646	$ 583,080
Depreciation	141,945	146,083	145,491
Depreciation on assets sold or disposed	(67,425)	(40,805)	(11,925)
Balance at end of period	$ 896,444	$ 821,924	$ 716,646

(c) The aggregate cost of real estate for Federal income tax purposes was approximately $3,499 million (unaudited).

(d) Depreciation for buildings, improvements and furniture, fixtures and equipment is based on useful lives ranging from 2 to 40 years.

(e) We have mortgages payable on the properties as noted. Additional mortgage information can be found in "Part II – Item 8. – *Financial Statements and Supplementary Data – Note 6 – Debt*" to the Consolidated Financial Statements.

(f) Amounts under the column heading "Costs Subsequent" include (when applicable) parcels of undeveloped land that were sold, and impairment losses related to certain properties.