



SUMMIT
HOTEL PROPERTIES

INVESTOR PRESENTATION
JANUARY 2020 | NYSE: INN



Forward-Looking Statements

We make forward-looking statements in this presentation that are subject to risks and uncertainties. These forward-looking statements include information about possible or assumed future results of our business, financial condition, liquidity, results of operations, plans, and objectives. When we use the words “believe,” “expect,” “anticipate,” “estimate,” “plan,” “continue,” “intend,” “should,” “may,” or similar expressions, we intend to identify forward-looking statements. Statements regarding the following subjects, among others, may be forward-looking by their nature:

- our ability to increase our dividend per share of common stock;
- the state of the U.S. economy generally or in specific geographic regions in which we operate, and the effect of general economic conditions on the lodging industry and our business in particular;
- market trends in our industry, interest rates, real estate values and the capital markets;
- our business and investment strategy and, particularly, our ability to identify and complete hotel acquisitions and dispositions;
- our projected operating results;
- actions and initiatives of the U.S. government and changes to U.S. government policies and the execution and impact of such actions, initiatives and policies;
- our ability to manage our relationships with our management companies and franchisors;
- our ability to maintain our existing and future financing arrangements;
- changes in the value of our properties;
- the impact of and changes in governmental regulations, tax law and rates, accounting guidance and similar matters;
- our ability to satisfy the requirements for qualification as a REIT under the U.S. Tax Code;
- our ability to repay or refinance our indebtedness as it matures or becomes callable by lenders;
- the availability of qualified personnel;
- our ability to make distributions to our stockholders in the future;
- the general volatility of the market price of our securities; and
- the degree and nature of our competition.

Forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account information currently available to us. You should not place undue reliance on these forward-looking statements. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us. These factors are discussed under “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2018, and in other documents we have filed with the Securities and Exchange Commission. If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. Any forward-looking statement is effective only as of the date on which it is made. New risks and uncertainties arise over time, and it is not possible for us to predict those events or how they may affect us. Except as required by law we are not obligated to, and do not intend to, publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Additionally, this presentation contains certain unaudited historical and pro forma information and metrics which are based or calculated from historical data that is maintained or produced by the Company or third parties. This presentation contain statistics and other data that may have been obtained from, or compiled from, information made available by third-parties.



Focused and efficient operating model

Best-in-class operators and a unique revenue management platform

Targeted capital allocation through external growth and capital recycling

Conservative and prudently-crafted balance sheet

Broad geographic diversification

Leading publicly-traded REIT focused on owning premium-branded hotels with efficient operating models

Corporate Overview

Headquarters	Austin, Texas
Ticker Symbol	NYSE: INN

Portfolio Overview ⁽¹⁾

Hotels	72 hotels
Guestrooms	11,288 keys
States	23 states
Markets	34 MSAs
Avg. Effective Age ⁽²⁾	3.4 years

Financial Overview

RevPAR ^(1,3)	\$128
Hotel EBITDA per Key ^(1,3)	\$19,300
Adjusted FFO per Share ⁽⁴⁾	\$1.35
Total Enterprise Value ⁽⁵⁾	\$2.4 B
Market Capitalization ⁽⁵⁾	\$1.3 B
Total Debt / TEV ⁽⁵⁾	40.1 %
Total Debt + Pref. / TEV ⁽⁵⁾	49.8 %
Dividend Yield ⁽⁵⁾	6.0 %

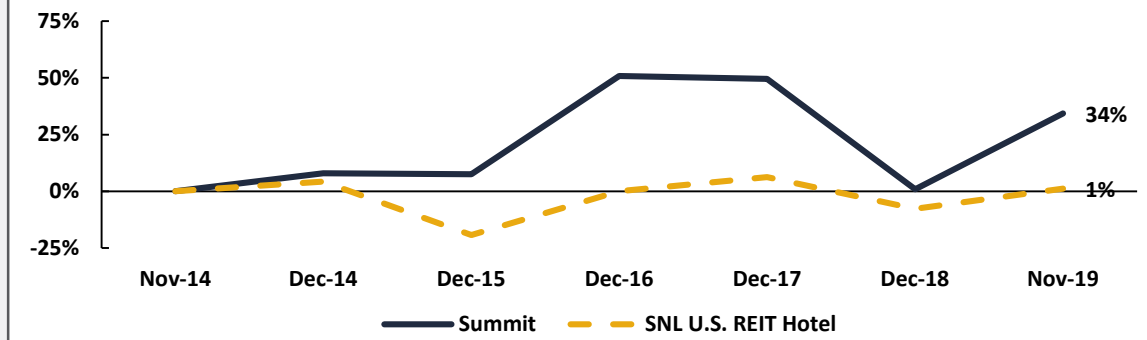
Premium Franchisors ^(1,6)

Marriott International	56.4 %
Hilton Worldwide	22.5 %
Hyatt Hotel Corp.	15.6 %
IHG	5.5%

Top Markets ^(1,6)

San Francisco, CA	9.1 %
Portland, OR	8.4 %
Atlanta, GA	8.2 %
New Orleans, LA	6.5 %
Miami, FL	4.7 %
Phoenix, AZ	4.6 %
Indianapolis, IN	3.6 %
Boston, MA	3.5 %
Nashville, TN	3.4 %
Baltimore, MD	3.2 %

5-Year Total Shareholder Return ⁽⁵⁾



(1) Based on hotels and guestrooms owned as of November 8, 2019.

(2) Based on the most recent reno date weighted by guestroom count as of September 30, 2019.

(3) Based on pro forma financial data for the trailing twelve months ended September 30, 2019.

(4) Based on reported financial data for the year ended December 31, 2018.

(5) Based on financial data and Summit's diluted share count as of October 31, 2019, and Summit's closing share price as of November 8, 2019.

(6) Based on pro forma hotel EBITDA for the trailing twelve months ended September 30, 2019.

Experienced Leadership Driving Success



Daniel P. Hansen

*Chairman, President &
Chief Executive Officer*

Mr. Hansen's service as Chairman, President and Chief Executive Officer provides a critical link between management and the Board, enabling the Board to perform its oversight function with the benefits of management's perspectives on the business.

Mr. Hansen joined The Summit Group in October 2003 and previously served in multiple senior positions within the company, including Chief Financial Officer, Executive Vice President, and Vice President of Investor Relations. Prior to joining The Summit Group, Mr. Hansen spent 11 years with Merrill Lynch in various leadership positions culminating as a Vice President and Regional Sales Manager in the Texas Mid-South Region, which included Texas, Louisiana, Arkansas and Oklahoma. Mr. Hansen serves on the Board of the American Hotel & Lodging Association and on advisory councils of multiple hotel brands.

Mr. Hansen graduated from South Dakota State University with a B.A. in Economics.



Jonathan P. Stanner

*Executive Vice President,
Chief Financial Officer &
Treasurer*

Mr. Stanner joined Summit Hotel Properties in April 2017 and previously served as the company's Executive Vice President and Chief Investment Officer.

Prior to joining Summit, Mr. Stanner was Chief Executive Officer at Strategic Hotels & Resorts, a former NYSE-listed company acquired by an affiliate of The Blackstone Group in 2015. During his tenure at Strategic Hotels & Resorts from 2005 to 2015, Mr. Stanner also held various other senior positions with the company, including Chief Financial Officer, Senior Vice President - Capital Markets, Acquisitions, and Treasurer and Director of Corporate Finance. Prior to his time at Strategic Hotels, Mr. Stanner was an investment banking analyst for Banc of America Securities.

Mr. Stanner holds both a B.S. in Management and an MBA from the Krannert School of Management at Purdue University.



Craig J. Aniszewski

*Executive Vice President &
Chief Operating Officer*

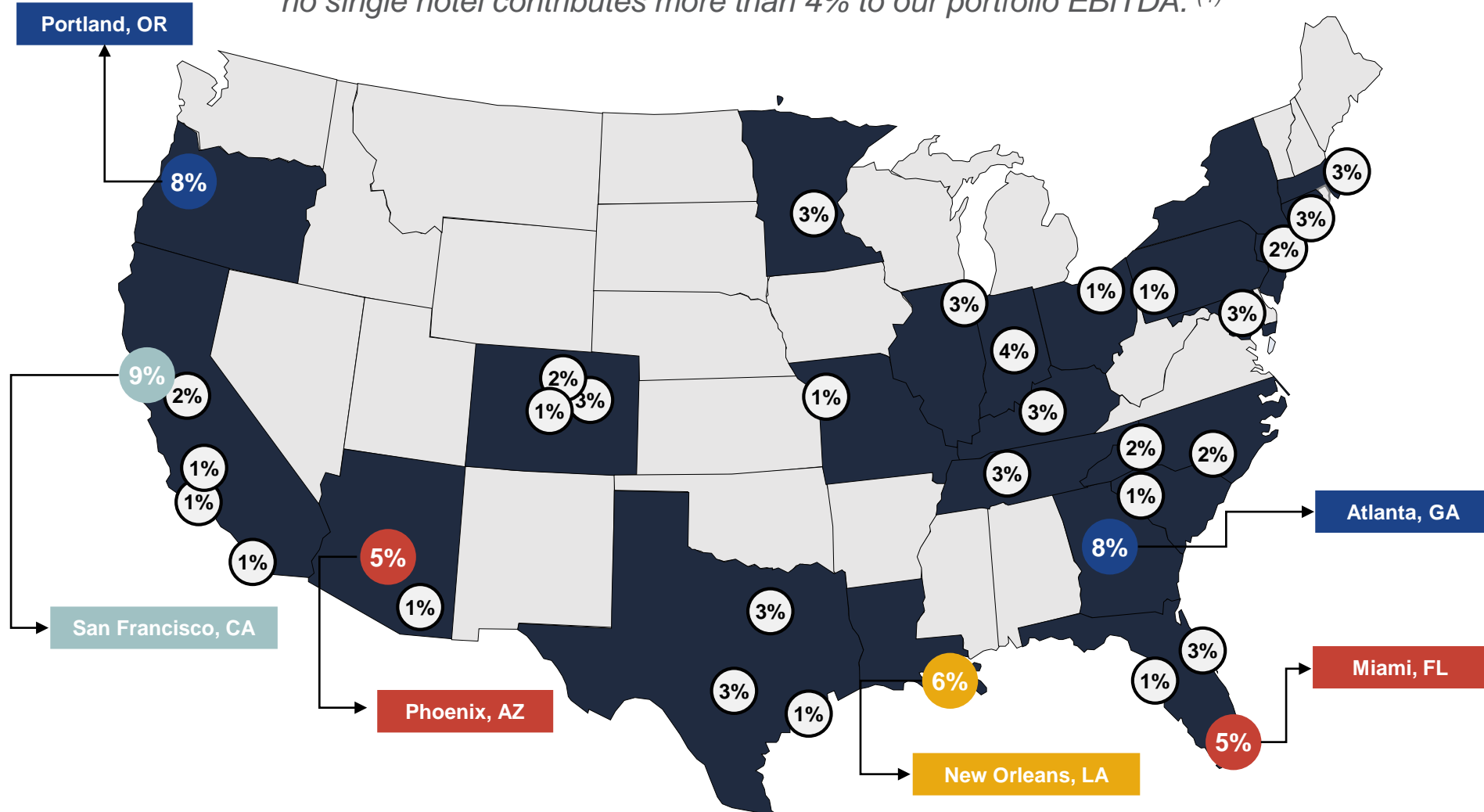
Mr. Aniszewski joined The Summit Group in January 1997 as Vice President of Operations and Development.

Prior to joining Summit, Mr. Aniszewski spent 13 years working for Marriot International, Inc., where he held sales and operations positions in full-service, convention, and resort hotels. He also worked in the select-service sector, holding various positions including Director of Sales and General Manager for Residence Inn and Courtyard branded hotels located in Florida, New York, Connecticut, Pennsylvania, Maryland, and North Carolina. Mr. Aniszewski currently serves on the Owner's Advisory Board for Hilton Garden Inn and previously served on Intercontinental Hotel Group's IH4 Room Owner's Advisory Board from 2016-2017 and on the Franchise Advisory Committee for Fairfield Inn by Marriott.

Mr. Aniszewski graduated from the University of Dayton with a B.S. in Criminal Justice with minors in Business and Psychology.

Diversified Portfolio

No single market contributes more than 10% to our portfolio EBITDA, and no single hotel contributes more than 4% to our portfolio EBITDA. ⁽¹⁾



(1) Based on pro forma hotel EBITDA for the trailing-twelve months ended September 30, 2019, for the 72 hotels owned as of November 8, 2019.

We Believe in the Value of Loyalty

Brand loyalty and distribution drive guest behavior



Premium Standards

Consistency of exceptional service, valued amenities, and attractive design result in a quality guest experience.

Global Brands

Provides access to millions of enrolled loyalty members and accounts for ~60% of Summit's room nights. ⁽¹⁾

Customer Loyalty

Customer loyalty programs drive recurring visits and reduce guest acquisition costs.

Reservation Systems

Global booking systems enable guests to easily locate and reserve hotel accommodations.

Brand Segmentation

Our franchise partners operate a diverse portfolio across multiple chain scales.

(1) Based on the trailing twelve months ended September 30, 2019.

Evolving Guest Preference

Guest preferences continue to shift toward newer, cleaner, and more functional hotels that offer authentic experiences.

Full-Service Product



From dark and stuffy



To modern functionality

From full-service restaurant



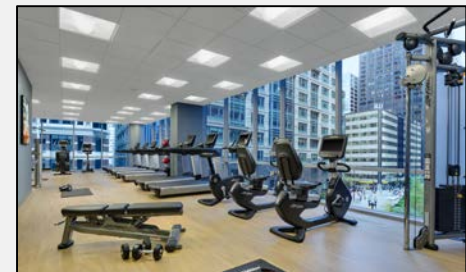
To high-quality, efficient menu & bar

From underutilized, costly amenities



To modern, guest-focused offerings

Hyatt Place Chicago Downtown



Creating Value Through “Summitization”

Revenue and asset management expertise driven by over eight decades of combined experience at Summit and an average of nearly 25 years in the industry

In-House Revenue Management

Utilization of in-house corporate revenue managers

Consistent on-site presence and collaboration with local management

Industry benchmarking and data analysis

Inspecting What We Expect

Intensive asset management process provides better oversight and accountability of management companies

Exhaustive due diligence approach facilitates value creation

Independent Management Companies

Flexible and favorable management terms

Utilization of eleven independent management companies

Use of independent platforms eliminates conflicts of interest

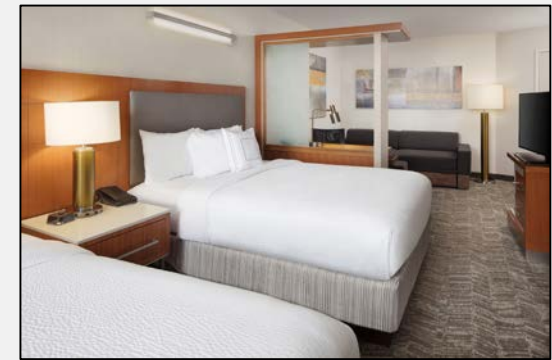
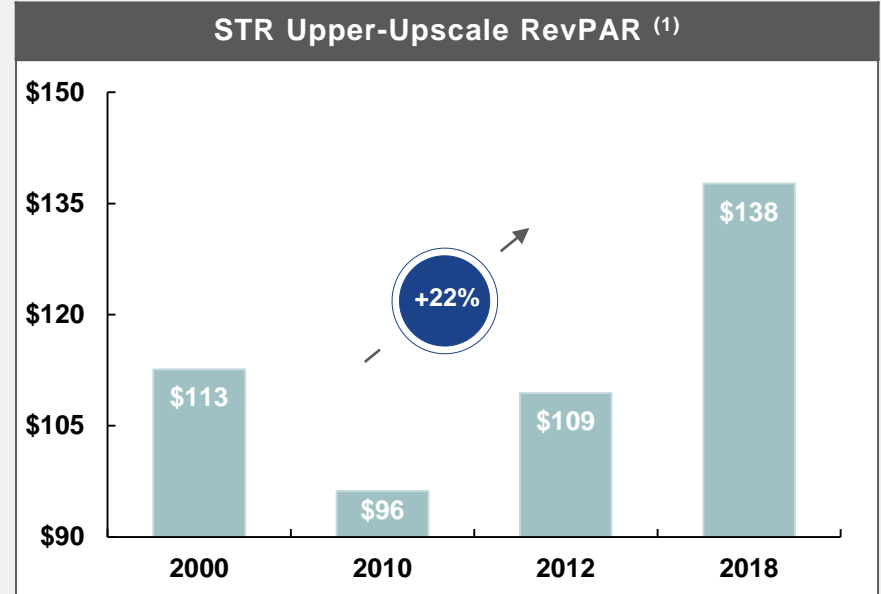
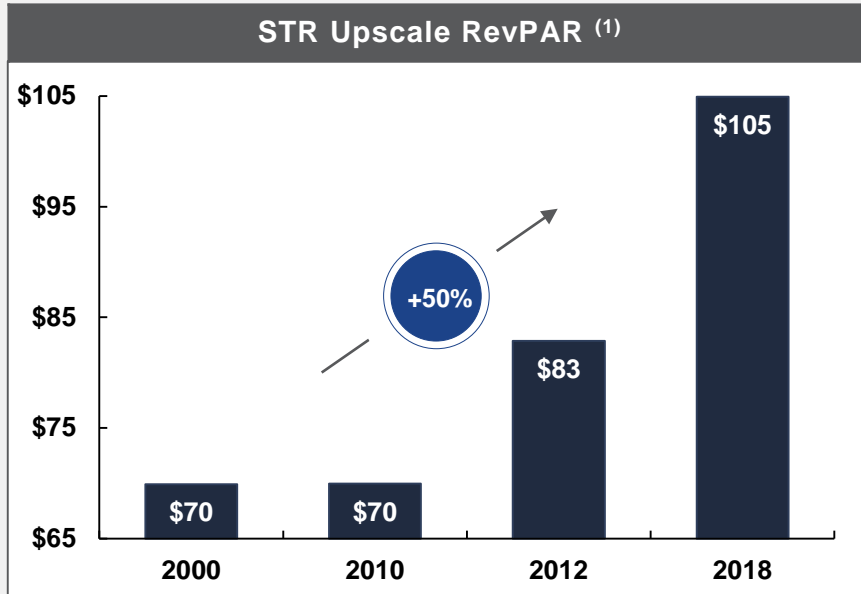
Business Intelligence

Business intelligence tools facilitate real-time data analytics

Data analytics used to implement revenue and asset management strategies designed to maximize hotel profitability

Upscale Outperformance

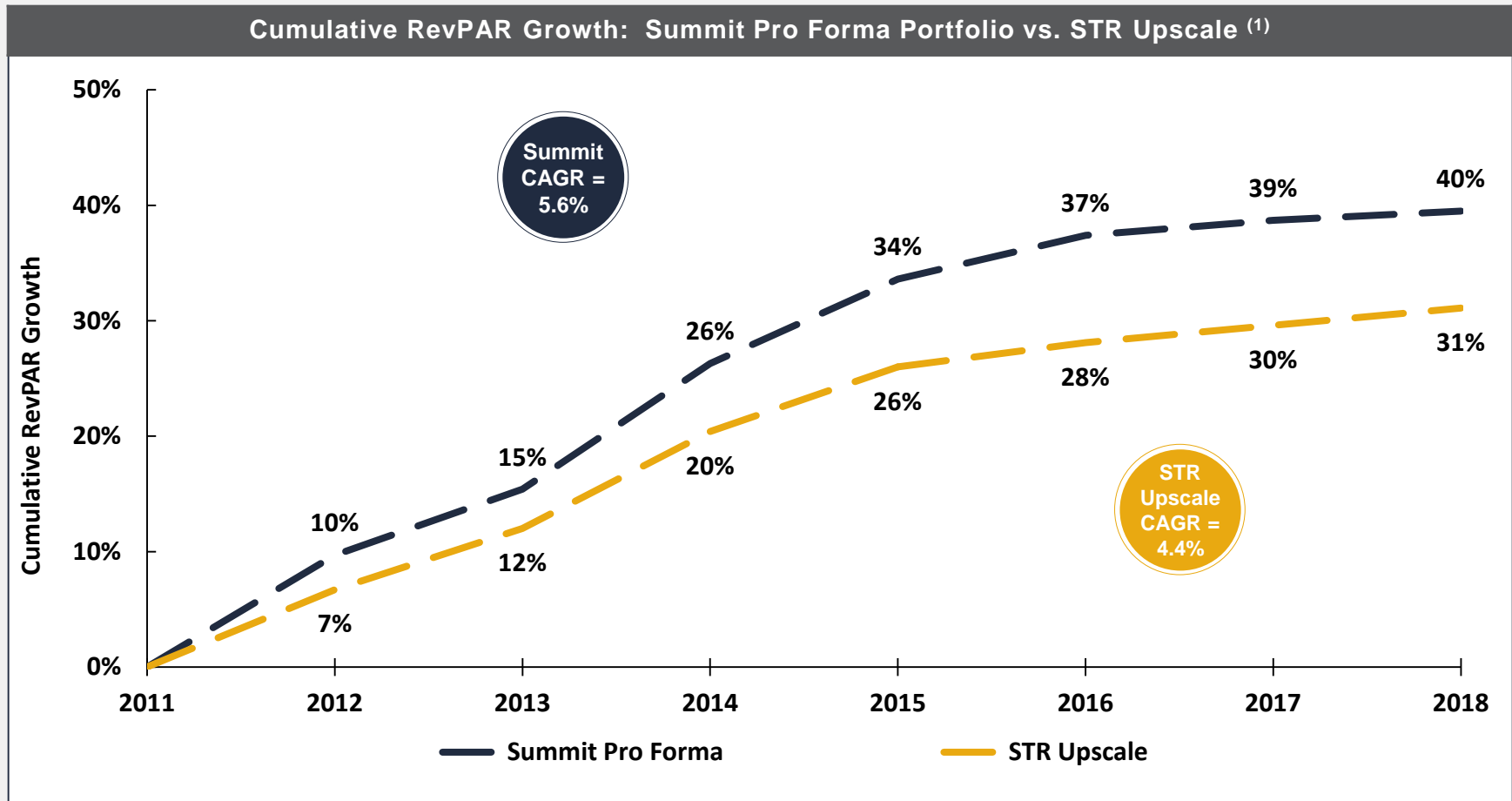
An enhanced guest experience has facilitated a continuing shift in guest preference and driven outperformance to the Upscale segment



(1) Based on the Smith Travel Research Quarterly and Monthly Hotel Review for the applicable years.

Track Record of Outperformance

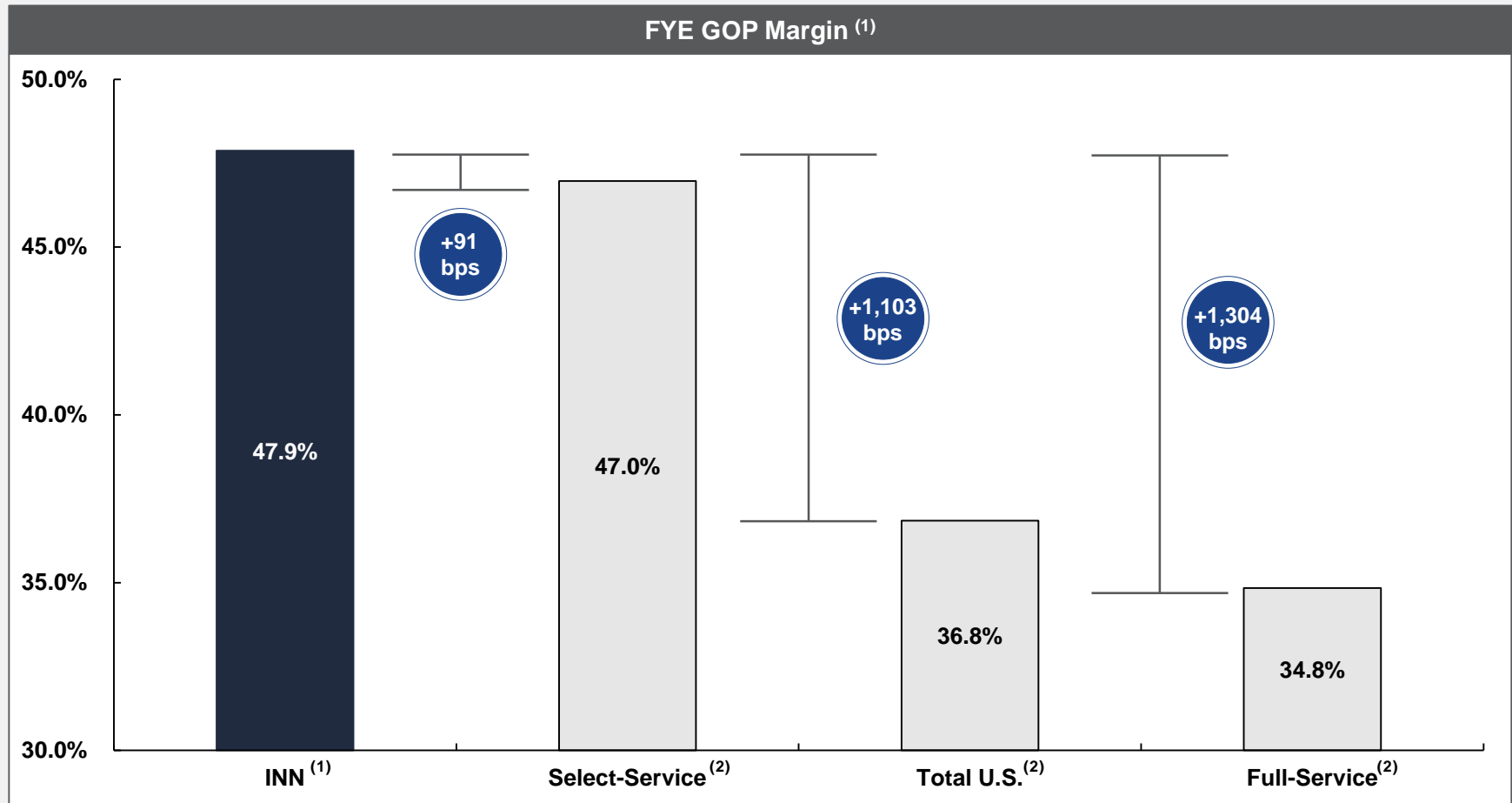
Pro forma portfolio cumulative RevPAR growth outperformance of the STR Upscale chain scale benchmark reflects a 117 basis point CAGR spread over the past seven years.



(1) Based on the Smith Travel Research Lodging Review and as reported RevPAR growth for the applicable years.

Top Tier Operating Margin

High-quality hotels with efficient operating models and lower cost structures drive superior margins.



(1) Based on the 2018 pro forma actuals.

(2) Based on the 2019 STR Host Almanac with financials as of year-end 2018.

Hyatt House Across From Universal Orlando Resort

- Leveraged in-house development expertise to develop a new and complementary hotel on previously acquired land parcel adjacent to existing Hyatt Place.
- The two hotels benefit from a collaborative sales effort that generates incremental revenue opportunities and from efficiencies achieved through a shared cost structure.
- Recipient of the 2018 Opening Hotel Performance Award by Hyatt and achieved 100+ RevPAR Index in the first month of operations.
- Ranked 1st in its competitive set with a RevPAR index of 132. ⁽¹⁾



Return on Investment	
Hotel EBITDA per Key ⁽²⁾	\$17,600
Development Cost per Key ⁽⁴⁾	\$195,500
2019E Hotel EBITDA Yield	9.0 %

Implied Value Creation	
Implied Value per Key ^(2,3)	\$230,600
Guestrooms Added	168 keys
Implied Value	\$38.7 million
Development Cost ⁽⁴⁾	\$32.8 million
Value Creation	\$5.9 million (+18 %)

(1) Based on STR data for the year-to-date ended September 30, 2019.

(2) Represents 2019E forecasted hotel performance as of September 30, 2019.

(3) Valuation assumes an 13.1x EBITDA multiple based on Consensus EBITDA estimate and the Company's total enterprise value as of November 8, 2019.

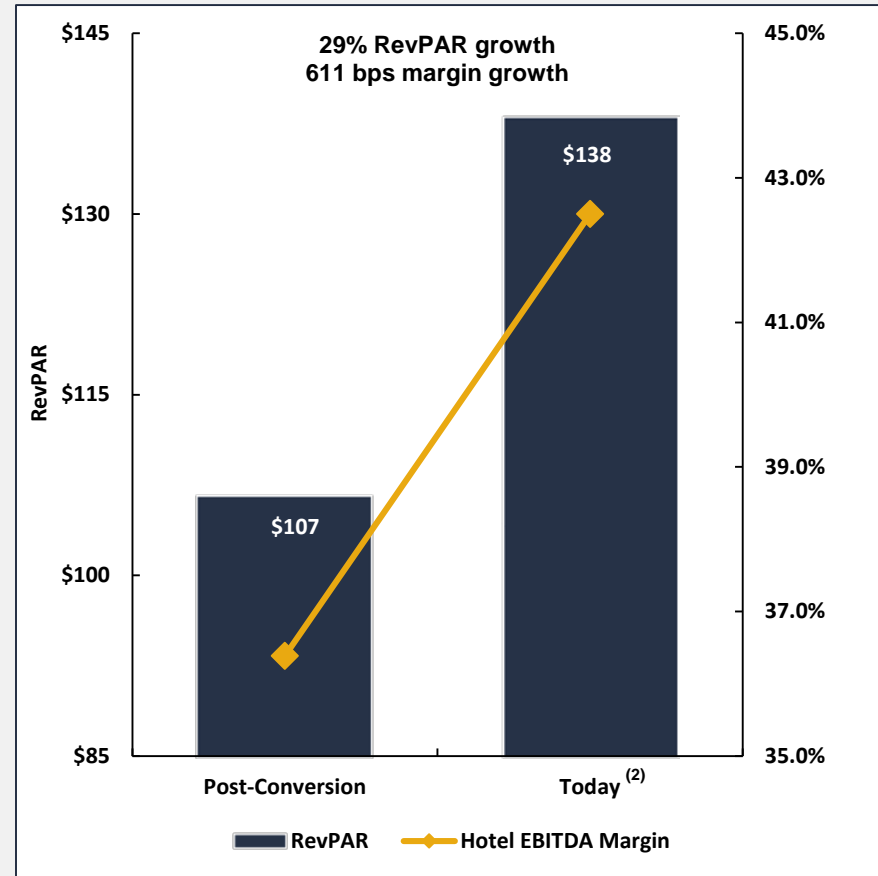
(4) Based on the total construction cost for the Hyatt House hotel, excluding land and internal capitalized costs.

Unique opportunity to acquire a recently repositioned asset with a distinctive brand in a high-growth market

AC Hotel by Marriott Atlanta Downtown



	Post-Conversion ⁽¹⁾	Today ⁽²⁾
Implied Value	\$57.5 million	\$84.9 million
Value Per Key	\$225,500	\$332,900
EBITDA Yield on Cost	7.4 %	10.9 %
RevPAR	\$106.65	\$137.99
EBITDA Margin	36.4 %	42.5 %



(1) Represents hotel performance for the trailing twelve months ended June 30, 2018.

(2) Represents hotel performance for the trailing twelve months ended September 30, 2019, and valuation assumes an 13.1x EBITDA multiple based on Consensus EBITDA estimate and the Company's total enterprise value as of November 8, 2019.

Converted seven underutilized meeting rooms into seven standard guestrooms and one two-bedroom suite into two standard guestrooms.

Marriott Boulder Guestroom Conversion



Implied Value Creation

Implied Value per Key ^(1,2)	\$362,900
Guestrooms Added	8 keys
Implied Value Creation	\$2,903,200

Return on Investment

Hotel EBITDA per Key ⁽¹⁾	\$27,700
Renovation Cost per Key	\$71,700
Implied Cash-on-Cash Return	38.6 %

(1) Represents 2019E forecasted hotel performance as of September 30, 2019.

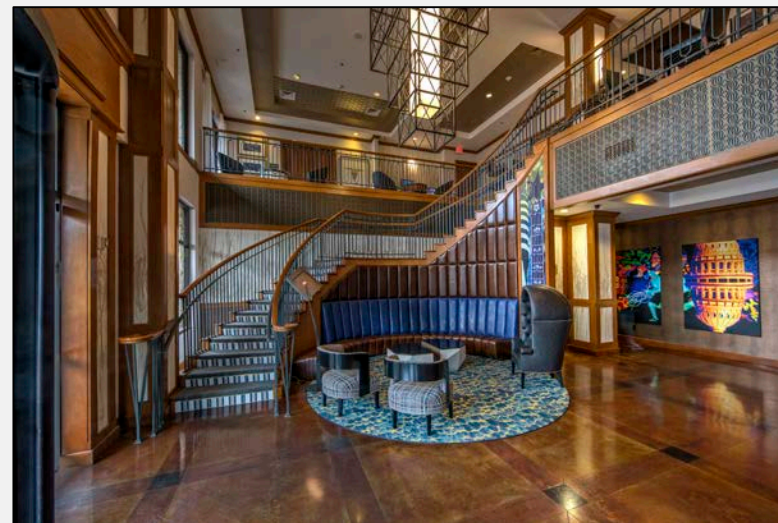
(2) Valuation assumes an 13.1x EBITDA multiple based on Consensus EBITDA estimate and the Company's total enterprise value as of November 8, 2019.

Hampton Inn & Suites – Austin, TX

- Acquired the hotel in September 2014.
- Austin CBD supply has increased 6.1% annually since the hotel was acquired

Performance Highlights

- The hotel currently generates an EBITDA yield on cost of 10.0%
- Implemented revenue and asset management strategies that drove overall EBITDA margin expansion of 59 basis points
- Restructured management agreement resulting in \$0.2 million of annual savings and 125 basis points of EBITDA margin expansion
- Invested over \$4.5 million in guestroom and public space enhancements



	SEP 2014 ⁽¹⁾	SEP 2019 ⁽²⁾	CAGR
Our RevPAR	\$150	\$169	2.5 %
Market RevPAR ⁽³⁾	\$157	\$178	2.5 %
Total Revenue	\$12.4 million	\$13.8 million	2.3 %
Hotel EBITDA	\$5.1 million	\$5.8 million	2.6 %
Hotel EBITDA Margin	41.0 %	41.6 %	
EBITDA Yield on Cost	9.5 %	10.0 %	
Guestroom Supply	31,204 keys	41,897 keys	6.1 %

(1) Represents hotel performance for the trailing twelve months ended December 31, 2014.

(2) Represents hotel performance for the trailing twelve months ended September 30, 2019.

(3) Represents the Smith Travel Research CBD hotel submarket for Austin, TX for the trailing twelve months ended September 2014 and September 2019.

Acquisitions

- Locations in “*Markets that Matter*” with favorable supply/demand dynamics and multiple demand generators
- Efficient operating models
- Value-add opportunities (i.e. property renovations, brand conversions, management changes)

Dispositions

- Identify markets with unfavorable supply/demand dynamics
- Identify hotels with functional obsolescence or large capital needs that do not meet return thresholds
- Opportunistic in response to unsolicited offers

Conservative Balance Sheet

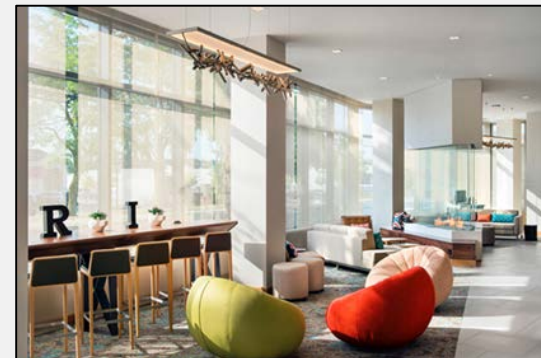
- Target leverage of 3.5x to 4.5x Net Debt to EBITDA
- Maintain and grow sustainable dividends
- Maintain liquidity and flexibility for acquisitive growth
- Well-balanced maturity ladder spread across multiple years to limit near-term liquidity risk

Opportunistic Development and Mezzanine Lending Activity

- Higher risk-adjusted returns
- Alternative pipeline for growth

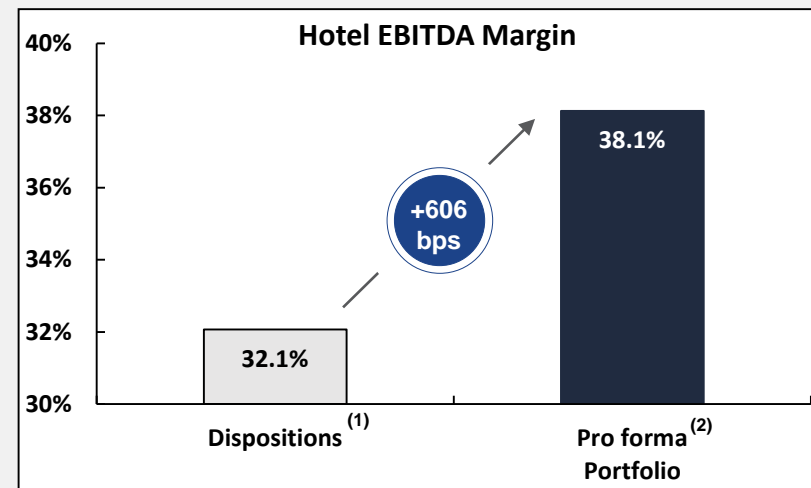
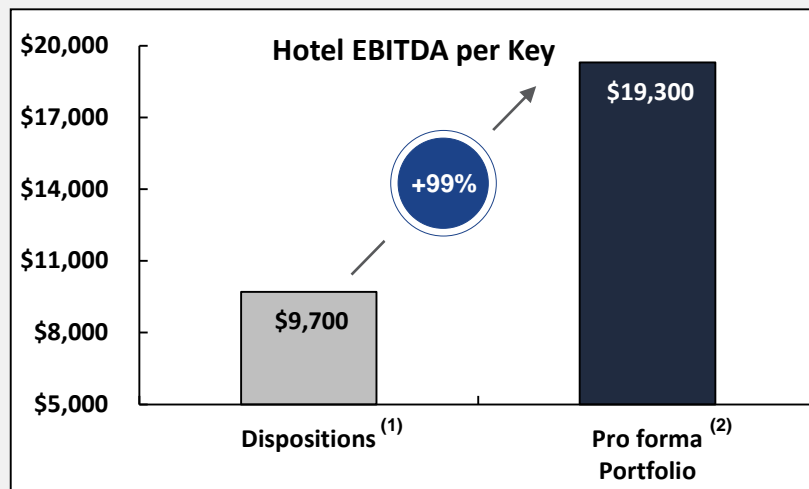
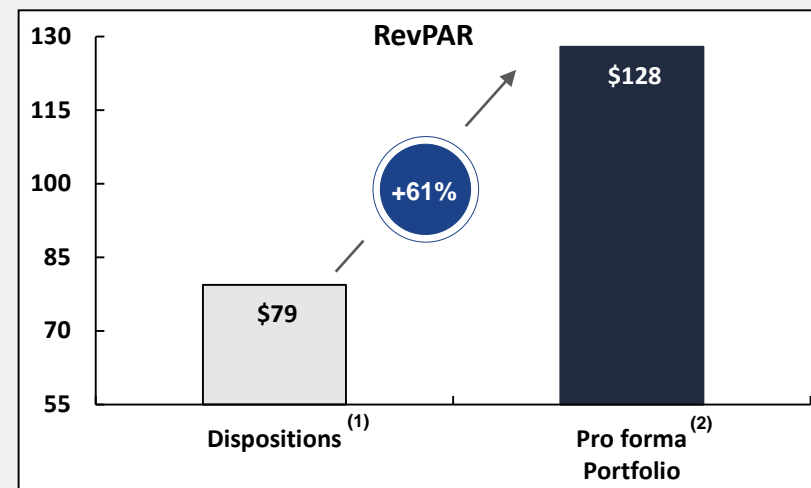
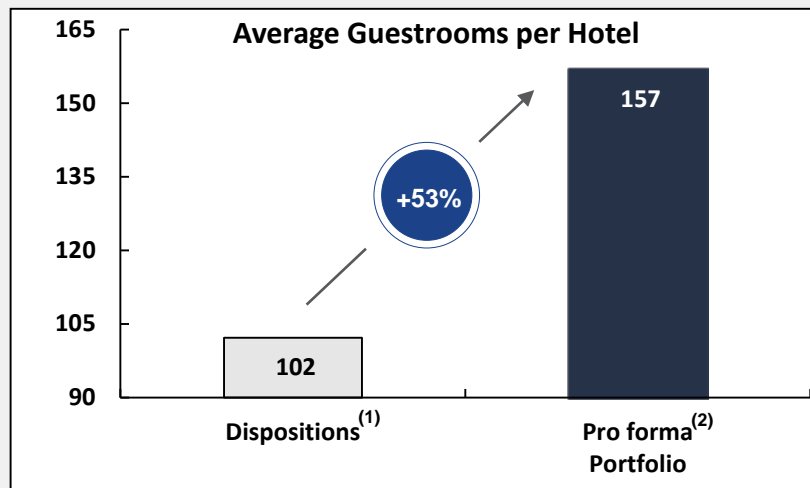
Newly Formed Joint Venture with GIC

- Partnership with a well-respected global real estate investor further validates Summit’s platform and operating model
- Fee structure generates higher going-in yields and hold-period returns for the Company
- Facilitates external growth strategy and creates a pipeline for future growth



Continuous Portfolio Transformation

Continuously upgrading portfolio quality through the acquisition of hotels with strong growth profiles while disposing of less-strategic hotels

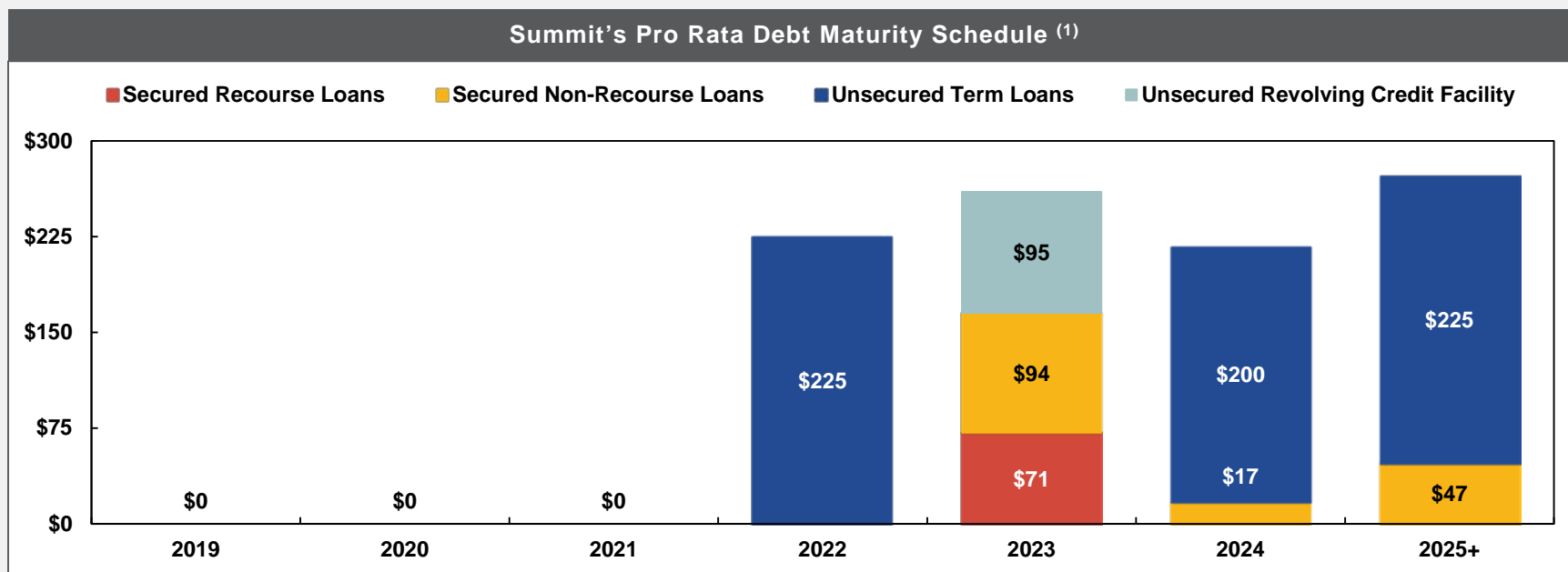
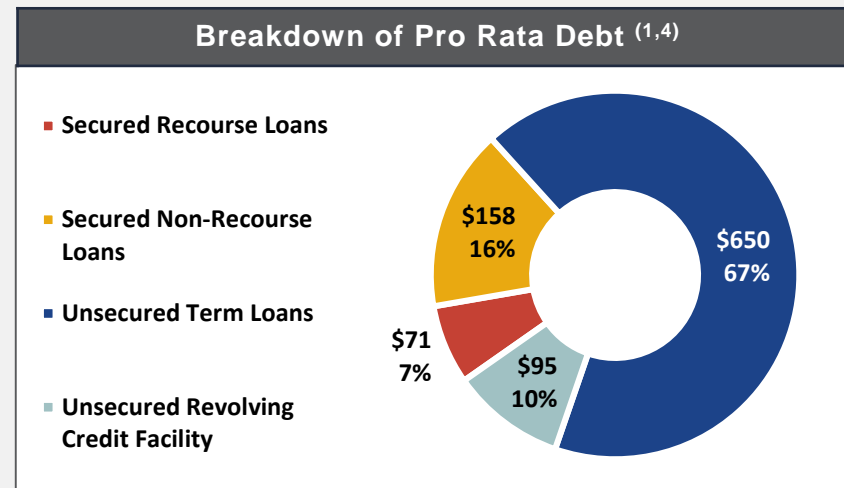


(1) Based on the trailing twelve months prior to the sale of each of the 74 hotels sold since the Company's IPO in 2011.

(2) Based on pro forma financial data for the trailing twelve months ended September 30, 2019, for the 72 hotels owned as of November 8, 2019.

Conservative Capital Structure

Summit's Credit Statistics and Debt Overview	
Pro Rata Debt ⁽¹⁾	\$974.7 million
Pro Rata Debt / Total Enterprise Value ⁽²⁾	40.1 %
Net Debt / 2019E EBITDA ⁽³⁾	5.0x
Weighted Average Term to Maturity ⁽⁴⁾	4.3 years
Weighted Average Interest Rate ⁽⁴⁾	3.9 %
EBITDA Interest Coverage Ratio ⁽⁵⁾	4.8x
2019E Dividend Payout Ratio ⁽⁶⁾	57 %



(1) Pro rata debt balances as of October 31, 2019, and are in millions.

(2) Financials and diluted shares as of October 31, 2019. Summit's price as of November 8, 2019.

(3) Calculated using 2019E Consensus EBITDA as of November 8, 2019.

(4) Based on Company data as of October 31, 2019.

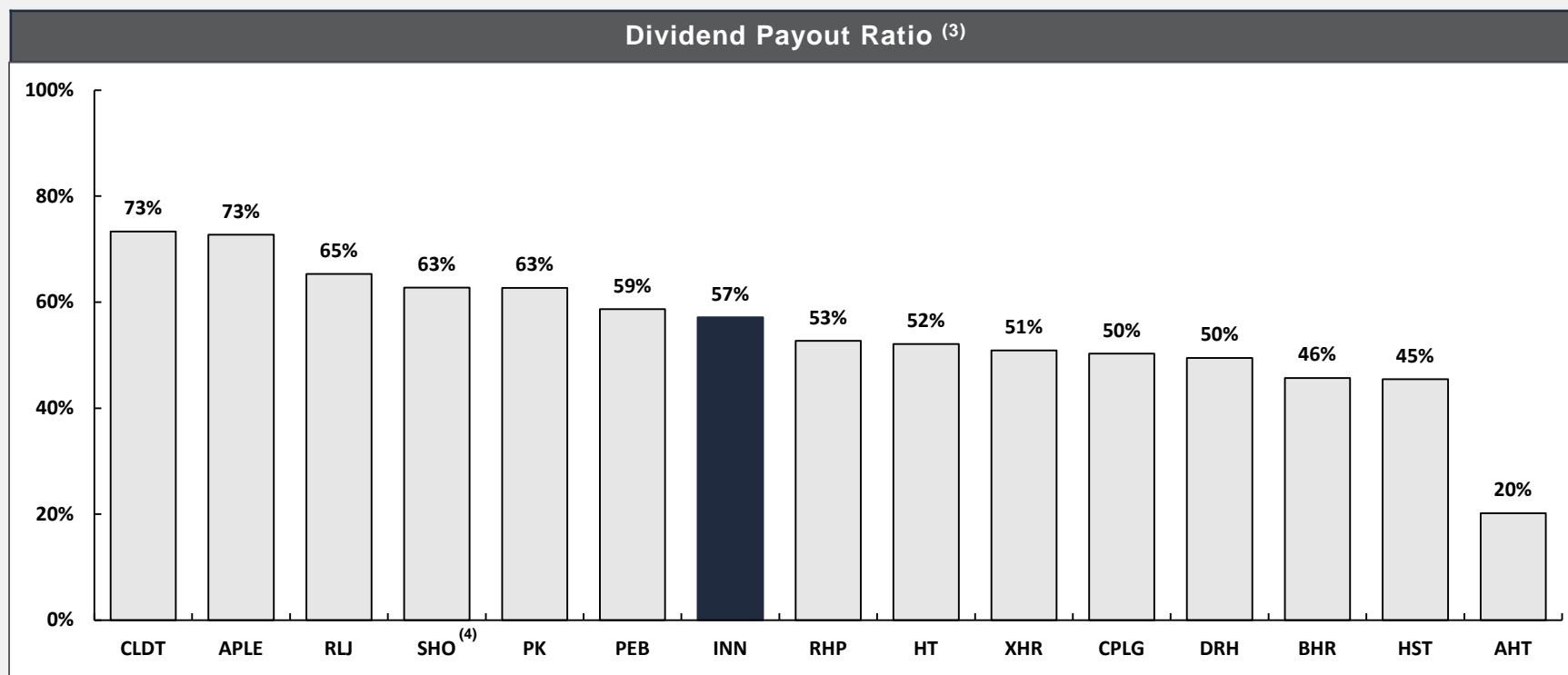
(5) Calculated by dividing 2019E consensus EBITDA by the product of pro rata debt and the weighted average interest rate.

(6) Based on 2019E S&P CapIQ Mean FFO per share estimated and an annualized common dividend of \$0.72 per share.

Strong and Well-Covered Dividend

Strong free cash flow has allowed for consistent dividend increases while maintaining a conservative payout ratio

- Dividend yield of **6.0%** ⁽¹⁾
- **11.3 %** dividend CAGR since 2014 ⁽²⁾
- Over **\$400** million of capital returned to common shareholders since 2011



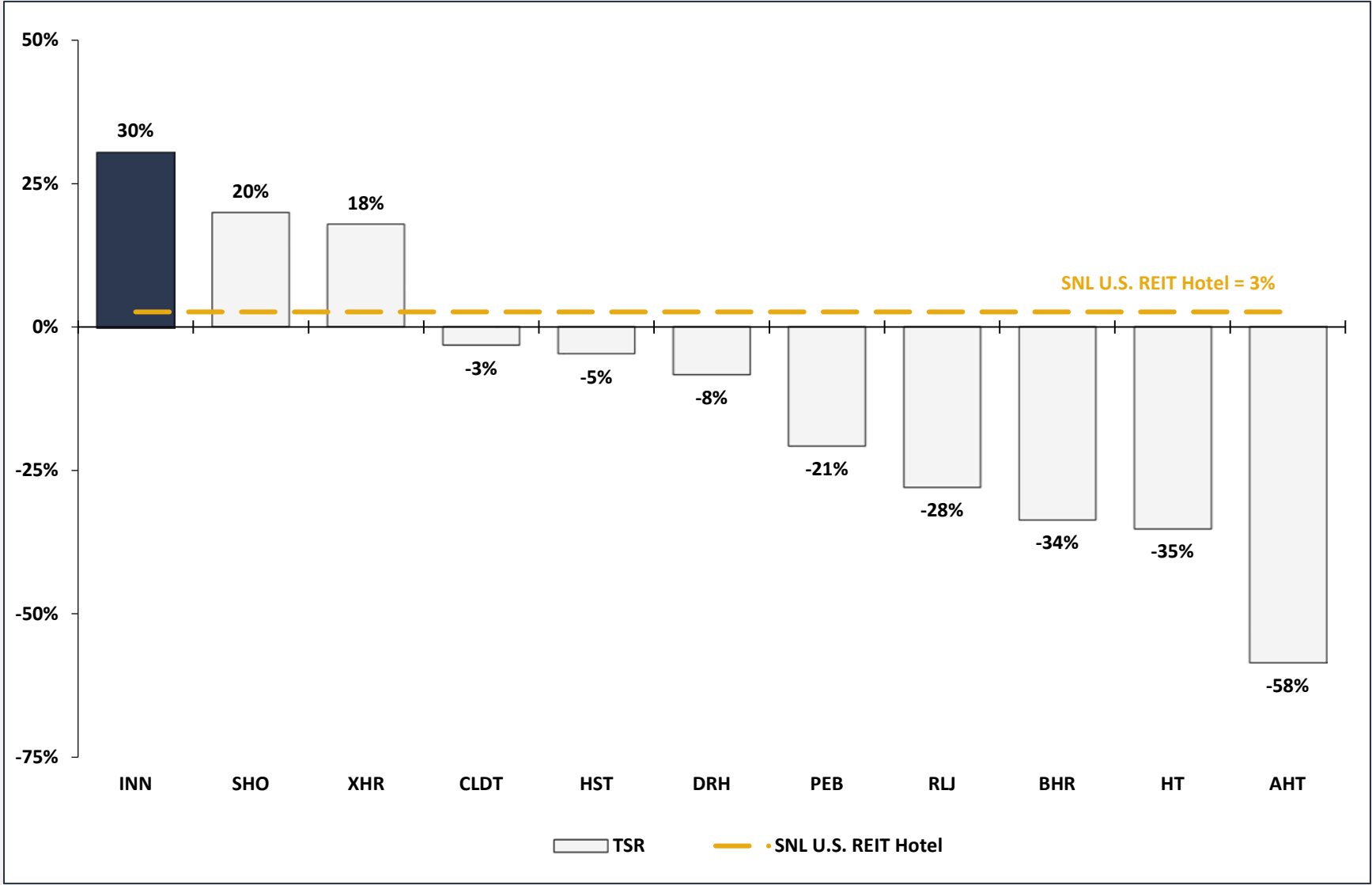
(1) Based on the Summit's closing price as of November 8, 2019, and an annualized common dividend of \$0.72 per share.

(2) Based on the Company's Q4 2014 annualized dividend of \$0.47 per share and Q4 2018 annualized dividend of \$0.72 per share.

(3) Based on the 2019E S&P CapIQ Mean FFO per share estimate for each individual company.

(4) Sunstone Hotel Investors, Inc. (SHO) annual dividend is based on the full-year dividend and includes a special dividend paid within the year.

5-Year Total Shareholder Return



Note: Based on SNL's TSR for the five years ended November 8, 2019. APLE, CPLG, PK, and RHP are not included at this time.



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